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NEWS SUMMARY

GENERAL

Sale of arms to Israel banned

Britain yesterday announced an arms embargo on Israel because of the refusal to withdraw Israeli troops from Lebanon, and said other EEC countries were expected to follow suit.

An EEC heads of government meeting this week condemned Isrfaeli policies in the Lebanon but failed to agree economic sanctions.

British arms sales to Israel have ben averaging only £1.5m a year for the last five years. Back Page

Hostages freed

A Sri Lankan hijacker freed 130 of 257 hostages from an Alitalia flight in Bangkok after hearing that his estranged wife, whom he had demanded to see, was flying from Rome to plead with him.

Ulster review

A senior legal figure, probably a judge, wil lconduct an independent review of the use of security forces' emergency powers in Ulster, Northern Ireland Secretary James Prior said.

Argentine cabinet

Argentine President-designate Gen Reynaldo Bignone announced his 10-man Cabinet. Only one is from the military, and none held key jobs under ousted President Galtieri. Page 3

Defence chief

General Sir Edwin Bramall, 58, chief of the General Staff, is to become chief of the Defence Staff, Britain's top defence post, on October 1.

Iraqi plea

Iraq appealed for neutral peace-keeping troops to patrol its border with Iran to confirm it had withdrawn from Iranian territory occupied in the 21-month war.

OECD aid falls

Aid to poor countries from the Organisation for Economic Co-operation and Development fell by $1bn, about 4 per cent, to about $25.4bn last year.

Dole tax anger

The Government faces a rebellion by its backbenchers over its refusal to make good the 5 per cent cut in the value of unemployment pay when it begins to be taxed today. Page 9

Williams to stand

Mrs Shirley Williams confirmed her intention to stand for the presidency of the SDP once the leadership contest between Dr David Owen and Mr Roy Jenkins is over. Page 9

Sutherlands sell

Two preliminary sketches for Graham Sutherland's lost portrait of Sir Winston Churchill were sold by Sotheby's for almost £6,000.

King wins again

Billie-Jean-King, 38, beat third seed Tracy Austin to reach the Wimbledon's women's singles semifinal. Men's fourth seed Sandy Mayer lost to unseeded Tim Mayotte.

Morris minimised

The name Morris will not be seen on BL cars for "a very long time," BL said. Most will now have Austin, Triumph or Rover names.

Briefly. . .

Ten people drowned as a heat-wave brought temperatures of 30C (86F) to Turkey.

Turkish Government put forward a draft law legalising abortion.

Scottish Tartans Society named Prince Charles top kilt wearer.

Nigeria sacked 45,000 teachers involved in an industrial dispute.

Five British football fans were arrested in Madrid for performing obscene acts with a Spanish flag.

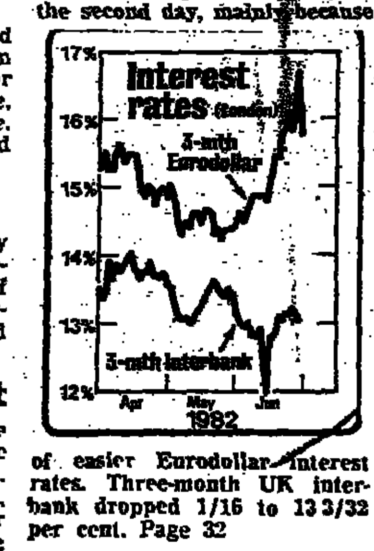
BUSINESS

Sterling up 1.35c; gilts gain 0.5

● STERLING rose 1.35 cents on the day in London to $1.7435. It was up at DM 4.2775 (DM 4.265) but down at SwFr 3.6475 (SwFr 3.65) and FFr 11.835 (FFr 11.84). Its trade-weighted index was 91.3 (91.1). Page 32

● DOLLAR fell in London to DM 2.45175 (DM 2.4725), SwFr 2.0915 (SwFr 2.109) and Y254.4 (Y255.5). Its trade-weighted index was 120.5 (121.3). Page 32

● INTEREST RATES in London money markets fell for the second day, mainly because of easier Eurodollar interest rates. Three-month UK interbank dropped 1/16 to 13 3/32 per cent. Page 32



● GOLD rose $7 to $318 in London. In New York the Comex July close was $314.8 ($315.4). Page 26

● EQUITIES: the FT 30-share index closed 2.3 up at 554.3. Page 31

● GILTS: the Government Securities index rose 0.5 to 69.44, reflecting the easier dollar and the overnight rise in U.S. bonds. Page 31

● WALL STREET rose 3.33 to 815.54 near the close. Page 30

● EXPORT CREDITS "war" between the EEC, Japan and the U.S. seemed averted by EEC finance ministers conditionally agreeing a new pact. Back Page

● SOVIET UNION increased exports to the capitalist world by 35 per cent in the first quarter of 1982.

● UK OIL consumption from March to May rose 3.2 per cent by volume this year despite trends towards using less nergy.

● CIVIL SERVANTS were strongly criticised in a Comptroller and Auditor General's report for not obtaining value for money from public investment projects. Back Page

● STOCK EXCHANGE said its authority would be diminished if the Government accepted radically improved investor protection. Page 6

● SIR TERENCE BECKETT declared the CBI's support for current cost accounting, over which a row is brewing among accountants.

● NATIONAL FREIGHT Consortium's employee shareholders will receive a first interim dividend of 4.5p. Page 6

● NISSAN MOTOR, Japan's second biggest vehicle maker, reported net profits down 4.7 per cent to Y101.66bn (£230m) for the year ended March. Page 25

● INTERNATIONAL Timber more than doubled pre-tax profits to £2.46m (£1.11m) in the year to March 31. Page 21; Lex, Back Page

● MONTAGUE MEYER, the timber importer which is merging with International Timber, made a pre-tax loss of £1.46m (£2.75m loss) in the year to March 31. Page 21; Lex, Back Page

● BPB INDUSTRIES, the gypsum and plasterboard manufacturers, lifted taxable profits to £56.5m (£42.1m) in the year to March 31. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
[illegible] 1986 ([illegible] pd)	£29[illegible]	+ 1
[illegible] 1997	£109	+ 1[illegible]
Avana	298	+ 13
[illegible]	970	+ 8
[illegible]	190	+ 10
[illegible]	265	+ 10
[illegible]	87	+ 5
[illegible]	267	+ 4
[illegible]	[illegible]	+ 16
[illegible]	650	+ 25
[illegible]	79	+ 5
[illegible] Jones	825	+ [illegible]
[illegible] SA		
Unitech	275	+ 10
Westland	135	+ 5
CRA	172	+ 8
De Beers Dfd	198	+ 7
Rustenburg Plat	135	+ 5
Ventersport	258	+ 26
West Rand Cons	72	+ 11
FALLS		
BICC	315	− 10
Brotherhood (P.)	82	− 12
Concrete Prds Irind	50	− 17
De La Rue	455	− 10
Hadland	95	− 10
Smiths Inds	335	− 5

UK may overrule U.S. ban on Siberian pipeline supplies

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE BRITISH Government yesterday warned the Reagan Administration in Washington that British companies may be prohibited from compliance with a U.S. embargo on the provision of equipment and technology for the £4bn gas pipeline between Siberia and Western Europe.

Lord Cockfield, the Trade Secretary, made an order under the Protection of Trading Interests Act 1980, to specify that the U.S. controls "are damaging to the trading interests of the U.K."

The order is the necessary first step under the Act to further instructions, which could compel companies doing business in the UK either to inform the Government of any requirements placed on them by the U.S., or not to meet such requirements at all.

The Government's action is the first practcial move by any EEC member to oppos the bitterly contentious U.S. policy to hinder thet development of the 5,000-km (3,125-mile) pipeline which, by 1984, should start to supply West Germany, France, Italy and other countries with 25bn cubic metres of natural gas a year.

The use of Section 1 of the Protection of Trading Interests Act for the first time is designed as a clear signal to the U.S. that it should pay greater heed to European misgivings about its policy. The nature of the U.S. response will influence the Government's decision on whether to take the next steps available under the Act.

Responding in December to the imposition of martial law in Poland, the U.S. announced a series of unilateral economic sanctions against the Soviet Union. They included a ban on the sale of U.S. components neded for equipment being supplied by European companies already contracted to the Soviet authorities.

In June, without consulting its European allies, the U.S. extended its sanctions to cover the use of U.S. licensed technology on the pipeline, and to the sale of goods for the pipeline by the foreign subsidiaries of U.S. groups.

This was widely seen in Europe as an attempt by the U.S. to impose its laws and policy outside its own borders. The U.S. moves, in defiance of what European nations regard as their trading interests, were just the sort of development which the Protection of Trading Interests Act was designed to head off.

The Act is to safeguard those who do business in the UK against actions by foreign countries which prejudice their activities or attack British sovereignty. It was vigorously opposed by the U.S. during its passage through Parliament.

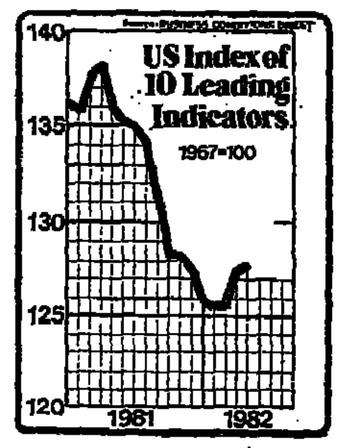
British companies have orders to do with the pipeline worth about £200m. The main one is a £104m contract for John Brown Engineering of Scotland to supply turbines and spare parts. But John Brown uses technology from General Electric of the U.S. for the turbines.

The technology for the basic equipment on the pipeline is mainly from the U.S. so, apart from John Brown, companies such as AEG-Kanis and Mannesmann Demag of West Germany, Creusot Loire of France and Nuovo Pignone of Italy would be prevented from completing their contracts if the U.S. embargo were to be carried out.

But, at both official and company level in the UK, there is still intense debate about the wisdom of invoking the Protection of Trading Interests Act.

Although use of the Act could safeguard John Brown from U.S. sanctions in this country, the U.S. authorities could take action under their own laws to blacklist the company in the U.S. and cut it off from U.S. technology.

Editorial Comment Page 18



Indicators hint at U.S. recovery

By Reginald Dale, U.S. Editor, in Washington

THE LEADING U.S. economic indicators continued upwards in May for the third successive month— a sign taken traditionally by economists to herald the end of a recession.

The composite index rose by 0.3 per cent in May, following revised increase of 1.3 per cent in April and 0.2 per cent in March, the Commerce Department in Washington said. The index is the most sensitive barometer of U.S. economic performance in the weeks and months ahead.

The White House cautiously welcomed the figures as signalling "what appears to be the beginning of a slow recovery." The Administration had forecast an upturn in the second half of the year—the main doubt was over how strong it would be.

The 0.3 per cent increase in May was rather less than the U.S. administration and most private economists had expected. But Mr Murray Weidenbaum, chairman of President Ronald Reagan's Council of Economic Advisers, said there were increasing indications that the economy was "beginning to turn up in the normal adjustment to a reecssion.

He hoped U.S. interest rates would soon begin to reflect the administration's success in the fight against inflation, but he said upward pressure rates would continue in the "very short run."

The upward trend in the index was confirmed following the Commerce Department's revision upwards of both the March and April figures. Earlier it had reported a decline of 0.5 per cent in March and an increase of only 0.8 per cent in April. The index hit its lowest level in February after falling steadily for a year.

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£ in New York

—	June 29	Previous
Spot	$1.7405-7425	$1.7285-7310
1 month	0.42-0.45 pm	0.43-0.46 pm
3 months	1.37-1.42 pm	1.50-1.55 pm
12 months	4.95-5.10 pm	5.08-5.18 pm

Inquiry backs Civil Service pay system changes

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT'S efforts to make civil servants' pay subject to market forces and managerial needs are broadly supported in the long-awaited report of the inquiry into Civil Service pay, chaired by Sir John Megaw.

The inquiry's report was sent to the Government on Tuesday and is being studied by ministers before its expected publication next week.

It recommends a new system of pay determination for Britain's 530,000 white collar civil servants to replace the one based solely on pay comparisons with outside jobs which was scrapped by the Government. This led directly to last year's 21 weeks of pay strikes in the Civil Service. The Megaw inquiry was set up as part of a settlement of those strikes.

However, the committee is deeply split in its findings. A dissenting minority report has been submitted by the inquiry's trade union member arguing strongly against the findings of the main report.

The main recommendations of the majority report are:

● Full annual reviews of Civil Service pay and benefits should be replaced by a four-yearly review;

● Within this, there would be annual pay adjustments, based not on outside pay rates, the old comparability system—but on current outside pay trends, to make the system more up to date;

● A new pay information board should be set up to carry out these reviews. The collection and analysis of comparisons with private sector employers would be carried out for the new board by outside management consultants;

● Set against these comparisons in negotiation would be evaluation of market factors—recruitment and retention of staff, index-linked pensions and Civil Service job security:

● In addition a new system of merit pay and bonuses to reward individual performance is proposed but the enquiry rejects the Government's suggestion of different pay rates for different regions to reflect the impact of unemployment;

● Unilateral access to arbitration by either the Government or unions should be replaced by access only on the basis of agreement between the two sides.

The recommendations will form the basis of negotiations between the Treasury and the Council of Civil Service Unions on a new pay system. The Megaw inquiry recommends that both sides should try to bring in the new system in time for next year's Civil Service pay settlement in April.

Ministers are likely to be delighted that in many key areas the Megaw inquiry has followed closely the Government's suggestions on the shape and detail of the new pay system, though the Civil Service unions may see the outcome as proof of their suspicions when the inquiry was set up that it was weighted towards the Government's position.

On the basis of previous indications of the inquiry's likely findings some Civil Service unions have already threatened industrial action over the report.

The unions are likely to base their opposition to the committee's finding on the recommendations of the minority report. This calls for annual pay reviews based on full pay comparability, with unilateral access to arbitration and the staged introduction of a minimum wage to help counter the problem of low pay in the Civil Service.

Details Page 8

Boeing fined $400,000 for not disclosing payouts

BY PAUL BETTS IN NEW YORK

THE BOEING CORPORATION, the world's leading aircraft manufacturer, was yesterday fined $400,000 (£230,000) by a U.S. federal court for failing to make proper disclosures to the U.S. Export-Import Bank concerning the sale of commercial aircraft to several foreign customers in the early 1970s.

The U.S. Justice Department accused the giant aircraft manufacturer of failing "to disclose payments to irreguar agents" on a number of Ex-Im Bank loan filings. These were to finance Boeing sales to Iberia, the Spanish national carrier, to Middle East Airlines of Lebanon, to a Honduras carrier and to the Dominican Republic. The sales were made between 1971 and 1974.

The department claimed Boeing failed to report commission payments totalling more than $7.3m. The largest com-

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Parker urges drivers to defy Aslef strike call

BY PHILIP BASSETT, LABOUR CORRESPONDENT

SIR PETER PARKER, British Rail's chairman, yesterday made a direct appeal to train drivers to defy their union's call to strike from midnight on Saturday over the key productivity issue of more flexible work rostering.

In a personal letter to the 25,000 members of the Associated Society of Locomotive Engineers and Firemen, Sir Peter said the threatened strike would wreck the railway industry. He appealed to Aslef drivers to "convince your union leaders to see sense."

The letter is an atempt to repeat the success of previous personal letters from Sir Peter to railway workers, which it is thought were instrumental in the decision by the National Union of Railwaymen to call off its strike this week.

Sir Peter's letter, which should be received by Aslef members this morning, refers to the "good sense of ordinary railway workers," which was displayed in the NUR decision. This pulled the industry back from "a real disaster." But he adds: "Now your union must put as back there." He spells out the board's determination to introduce flexible rostering, reinforcing his argument with the verdict in favour of the board's position on the issue, by the Railway Staffs National Tribunal, chaired by Lord McCarthy.

"For the sake of your own future and that of the railway, consider that, if this strike goes ahead, thousands of jobs will go—perhaps yours," the letter says.

The appealing tone of Sir Peter's personal message masks the determination of the BR board to take a hard line against Aslef.

● Payment of staff. Employees who turn up for work next week, when the Aslef strike is on will be paid, but at the end of the week the board will review the position. It is expectd that the board will by then have little choice but to stop payment to all members of the National Union of Railwaymen and the white-collar Transport Salaried Staffs Association, with which it is not in dispute. The Government will halt the payment to BR of £116.5m a week from the Public Service Obligation grant, which subsidises unprofitable but socially necessary rail services.

● Closed shop. As with this week's NUR strike, BR will not regard as sufficient grounds for dismissal a train driver losing his Aslef card, in spite of its closed shop agreement with the union.

● Pay. BR has withdrawn its pay offer of 5 per cent from September because of Monday's NUR strike.

There were no significant contacts between BR and Aslef yesterday. Mr Len Murray, TUC general secretary, met Mr Ray Buckton, Aslef general secretary, and Mr Derrick Fullick, Aslef president yesterday over the dispute. BR is hoping that, having signed the agreement early this year calling off the 17 days of Aslef strikes over flexible rostering, Mr Murray will put pressure on the union to change its position.

U.S. group increases stake in Minet

BY JOHN MOORE, CITY CORRESPONDENT

THE ST. PAUL Companies Inc of Minnesota, a major U.S. insurance group, yesterday disclosed in London that it has purchased a 14.99 per cent stake in Minet Holdings, the UK insurance broker with large Lloyd's of London interests.

The move marks another important development in the realignment of transatlantic insurance links which has been taking place in the London insurance broking community for more than four years.

St. Paul paid out about £13m yesterday in the London stockmarket to increase its stake in Minet from about 4.5 per cent to its present level. Roughly 8m shares in Minet changed hands as the U.S. group completed its purchase, paying 160p per share.

Mr Douglas W. Leatherdale, St Paul Companies' senior vice-president—finance, said last night that his company had "decided to make an investment in the ordinary shares of Minet as a way to gain exposure to the fast growing markets outside the U.S."

He added: "We have a high regard for Minet and the performance of its management. While we may consider making further purchases of Minet's ordinary shares in the future, it is our intention to remain a minority shareholder."

He ruled out suggestions that St. Paul was poised to make a takeover bid for Minet. "It is our belief that in today's insurance market Minet would best achieve its business prospects by remaining an independent company."

Mr John Wallrock, chairman of Minet, said that the interest shown by St. Paul, ranking about sixteenth among U.S. insurance companies in terms of premiums written, had come as "a complete surprise. I am flattered that such a company has shown interest in us."

St Paul has been buying shares in Minet over the last six weeks. Minet shares have been touching new high points during the year as speculation mounted about a takeover. Last night the

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For latest Share Index phone 01-246 8026

EEC seeks end to budget rows

BY OUR BRUSSELS CORRESPONDENT

THE PRESIDENTS of the European Parliament, the Council of Ministers and the European Commission yesterday solemnly applied their signatures to a "treaty" aimed at avoiding the EEC's recurrent annual wrangle over the contents of its budget.

Since the Parliament was directly elected in June 1979, it has fought a battle each December with the Council of Ministers over how much money should be allocated to non-agricultural spending. At the end of 1979, MEPs blocked the 1980 budget until halfway through the year. In the next two years, it applied its own liberal interpretation to procedural rules and added more to social and other spending than the Council was willing to accept.

After months of negotiation, however, Mr Pieter Dankert, for the Parliament, Mr Leo Tindemans, for the Council, and M Gaston Thorn, the Commission leader, have reached a fairly precise agreement on the categories of spending which MEPs can adjust, within certain limits, without risking a challenge from the Council. They have also agreed on a procedure to try to settle any dispute based on speedy meetings between the presidents of the three institutions.

Yesterday's agreement may prove to be less of a peace treaty than it appears. The Parliament can only directly influence 20-25 per cent of annual EEC spending, totalling more than £12bn. This is because the agricultural budget—well over 60 per cent of total outlays—is protected by the Treaty of Rome once it has been determined by the Commission and the Council.

Anxious to extend its power, the Parliament constantly wants its "share" of the budget increased at a faster rate than is acceptable to the financially cautious member governments. In future, there may be fewer conflicts over whether a particular item of expenditure can be adjusted by MEPs, but their broader priorities look likely to remain more extravagant than those of the Council.

DENMARK ASSUMES COUNCIL PRESIDENCY

Pragmatic Olesen edges into limelight

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Community undergoes something of an ideaological lurch today when Belgium ,an enthusiastic integrator, hands over the Presidency of the Council of Ministers to a resolutely sceptical Denmark.

The contrast is amply demonstrated by the personalities of the outgoing and incoming Presidents. Mr Leo Tindemans the Belgian Foreign Minister, has a pulse which is set racing by any mention of the word "Europe."

His successor, Mr Kjeld Olesen, is a sober pragmatist who, like most Danes, keeps a mental balance sheet of the benefits which EEC membership brings to Denmark and believes that these all derive from a strict interpretation from the Treaty of Rome.

This interpretation does not extend to an enthusiastic embace of majority voting—part of Mr Tindeman's Community credo—nor to placing activities such as culture education and health under a community umbrella.

Copenhagen's ambitions for the EEC during its six-month Presidency reflect its preference for inter-governmental co-operation rather than in the development of policies to be administered by Brussels.

Mr Anker Joergensen, the Danish Premier, wants to see an agreement within the Ten to pursue a more expansionist economic policy, which may skim a fraction of a percentage point off its unemployment total.

> Member governments are struggling to control public spending levels and are burdened by interest rates sent into orbit by U.S. policies.

All meber governments are struggling, like Mr Joergensen, to control their public spending levels, and are burdened by interest rates sent into orbit by U.S. policies. Therefore, the prospects of even a limp—rather than a dash—towards economic growth, do not look promising.

While the Danes are certainly not looking for any development in EEC institutions—they are keen to keep the Parliament sullenly impotent—they do not want to make the Community work better.

Improved regional and social policies, even economies in the agricultural policy rate highly in Copenhagen.

Denmark also inherits the celebratedly tedious budget problems and, if in the autumn there is little sign of a new agreement among the Ten, the Danes may lose interest and pass on this particular cross to West Germany, starting next January.

But the Danish Presidency, like Belgium's, will probably spend half of the time trying to guide the Community's reactions to unforseen crises. Belgium's hope for Community developments have remained largely unfulfilled and most of the progress registered by the EEC over the last six months has come through reaction to external events.

Thus, the early dayqs of the Belgian Presidency were swamped by the declaration of martial law in Poland and the need to produce a reaction which matched that of the U.S. in both political concern and with the threat of sanctions against the Soviet Union.

Since then, relations with Washington, have been increasingly estranged by the Reagan Administration's apparently distressing insensitivity.

Mr Tindemans is hollow-eyed from this and other foreign policy burdens including a tour of the Middle East capitals on behalf of the EEC and sundry visits from Tokyo to Gabon.

But the retiring Presidency has not been without domestic achievement. It earned a place in the history books by encouraging a majority vote to raise EEC farm prices in May; the Community's steel regime has been renewed in good time; and modest gains have been made in the area of social affairs.

Belgium's bureaucracy has found the Presidency a bit of a strain and has at times fallen short of organisational perfection in ordering Community business. Wags say that the most important impact of the Presidency on Belgium is that it guaranteed a stable government for six months.

Mr Tindemans enjoyed his spell in the international limelight enormously, and had neither the time nor the inclination to scheme against Mr Wilfried Martens, his lacklustre Premier.

Madrid dismay at delay in membership

By Robert Graham in Madrid

AFTER a warning a week ago by M Francois Mitterrand, the French President, on the need for delay in its access to the EEC, Spain has reacted in low key to the Ten's decision to study the impact of enlargement.

The move by Brussels is undoubtedly a disappointment. The Spanish Government and that formerly headed by Sr Adolfo Suarez made EEC entry a main plank of foreign policy.

Early entry was regarded as one of the most effective ways of cementing Spain's infant democracy. There was also a strong feeling that, but for the Franco dictatorship, Spain's formal application would have been presented much earlier.

Spanish officials have insisted that Spain's application for EEc membership was, above all, a political gesture.

The essential political nature of the application was, in turn, recognised by the EEC, wedding Spain to the mainstream of European political life.

Even now, the French, the Prime Movers of a delay in the negotiations, accept this political aspect, the Spanish insist. This is underlined by the decision to include Spain in the EEC's political counselling.

It was also emphasised by M Mitterrand on an official visit to Madrid last week. Thus Spanish officials claim there is a contradiction in now basing the delay on economic considerations.

Spain had hoped to have completed negotiations for accession by early 1983. Last year this date slipped to 1984 and, until the deadlock on issues like agriculture, fisheries and the free movement of labour on June 21, this date was still clung to.

Now it is recognised that the delay could last to 1985.

Spanish devolution law passed despite nationalist protests

BY ROBERT GRAHAM IN MADRID

BITTER OPPOITION from Basque and Catalan nationalist parties to a Bill rationalising Spain's autonomy policy failed to prevent it being approved by Parliament yesterday. The Bill, which has acquired the Spanish acronym "Loapan" was approved by 206 votes to 36 with six abstentions.

The Basque and Catalan nationalists, backed by the Communist Party, argued throughout the lengthy debate that it contravened the 1978 Constitution and violated both the letter and spirit of autonomy already granted by statute

As a concession, the Bill will not become law for five months, until after publication in the official bulletin, pending an appeal to the Constitutional Court.

The Bill had the firm backing of the main Socialist opposition party. Indeed, it grew out of a pact last spring between Sr Leopoldo Calvo Sotelo's ruling Union de Centro Democratico (UCD) and the Socialists without formal consultation of the two nationalist parties most affected—the Basques and Catalans.

The Government argues that the law is a necessary measure to co-ordinate and rationalise the autonomy process. With 16 regions in Spain seeking autonomy, it was considered essential to ensure certain basic norms. However, rationalisation was prompted by a poorly conceived initial policy of promising autonomy to all regions in Spain—regardless of whether such autonomy had been requested—in order to dilute the demands of the historic regions like the Basque country and Catalonia.

This policy caused serious concern within the military, who believed that the autonomy process was leading to the break-up of the unity of the Spanish state. This fear was one of the prime causes behind the abortive coup of February 1981. The ensuing pact between the Government and Socialists was a direct attempt to assauge this fear among the military.

Sr Calvo Sotelo: deal with Socialists

It is this aspect which has most infuriated the Basques and Catalans. They believe they are being made to pay the consequences of the abortive coup. The bill, they argue, will give the central Government the power to alter and curtail the scope of powers already conceded in their respective autonomy statutes.

They further maintain that such alterations are unconstitutional because changes in their autonomy statutes cannot be carried in this way. The Basque and Catalan autonomy statutes recognise the devolution of wide powers in the social, educative and cultural fields, with limited fiscal control and, some say, in internal security. The four statutes so far in operation—in Andalucia, the Basque country, Catalonia and Galicia—recognise explicitly the historic identities of these regions.

Police hunt third man in Calvi investigation

By Rupert Cornwell in Rome

INVESTIGATIONS into the case of Sig Roberto Calvi, the former president of Banco Ambrosiano, are developing along two distinct paths in Italy.

The exact circumstances of his last days and hours before his corpse was found hanging under Blackfriars Bridge in London on June 18 are a mystery. His death, however, is being virtually taken for granted as murder, rather than suicide.

The Italian police are concentrating on the three men known to have been involved with his flight from Italy via Austria and Switzerland a few days earlier, and his final stay in London.

Two of them, Sig Emilio Pellicani and Sig Silvano Vittor, are already being questioned in custody. The third, Sig Flavio Carboni, a Sardinian property developer who is held to be the organiser of Sig Calvi's clandestine departure, is being sought.

In a separate development, magistrates have ordered the arrest in Rome of Sig Wilfredo Vitalone, a lawyer, on charges of accepting money from Sig Calvi for use in influencing judges involved in various investigations concerning the activities of the dead banker.

The financial repercussions of the case appear to have abated, at least for the time being, while the three commissioners appointed by the Bank of Italy investigate Ambrosiano's affairs.

The Vatican, however, is clearly highly embarrassed about the alleged links between Istituto per le Opere di Religione (IOR) — the Vatican bank — and Banco Ambrosiano, particularly the foreign operations of the Milan bank.

The Holy See so far has refused all official comment on reports that the withdrawal of guarantees by its bank on loans extended by Caribbean and Latin American affiliates of Ambrosiano triggered the crisis now surrounding that bank.

There is pressure on Archbishop Paul Marcinkus, the head of IOR, to sever his formal connections with Ambrosiano by leaving the board of Banco Ambrosiano Overseas of Nassau, chaired until his death by Sig Calvi.

The latter is one of those banks mentioned by the Bank of Italy as bearing part of the "very high" overall exposure of $1.4bn by various Ambrosiano foreign subsidiaries.

IOR has a declared interest of 1.58 per cent in the L50bn capital of Banco Ambrosiano. However, it is widely believed here that the true shareholding could be considerably higher, screened by foreign-based front companies.

In the meantime, ENI, the state energy agency, has moved swiftly to replace Sig Florio Fiorini, who was suspended from the post of finance director last week pending, investigations into financial ties between the state energy agency and Banco Ambrosiano. He is succeeded by Sig Salvatore Portaluri, a senior executive at Agip, the oil and nuclear subsidiary of the group.

● Police staged protests and demonstrations throughout Italy yesterday, after a magistrate in Padua had ordered the arrest of five officers in connection with the alleged maltreatment of a Red Brigades terrorist.

The arrests follow prolonged investigations into claims that terrorists seized during the release of General James Lee Dozier last January from a Red Brigades hideaway in Padua had been beaten up and tortured.

Terry Dodsworth profiles the radical at the head of a new 'super' ministry

More intervention in French industry

ONLY ONE year after France voted Socialist, M Jean Pierre Chevenement, a radical neo-Marxist whose views used to make businessmen quake in their shoes, finds himself at the head of a new super-ministry combining both industry and research.

The departure of M Pierre Dreyfus from the Industry Ministry marks more than just a change of leader. It has given the Government the opportunity to fulfill one of the recurring dreams of French planners over the last decade: the creation of a ministry which, like the Japanese Miti, can tackle the whole of industrial development. M Chevenement, who has clearly had his eyes on the job for the last year, finally got it because of a virtually faultless spell in the Research Department.

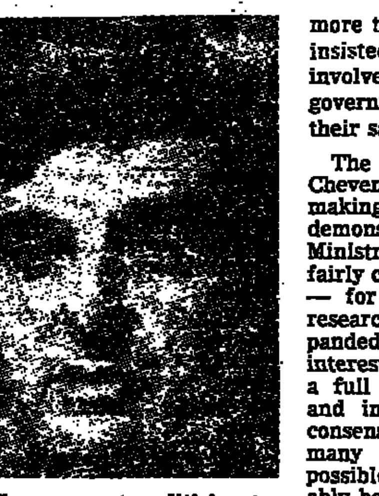
The appointment will also bring a big change of style to the industry job. M Dreyfus, the ex-head of Renault, is not a politician, despite his life-long Socialist sympathies. He has no base in the Party, and he was given the industry portfolio because he was one of the few senior Socialists who had the credentials to talk with businessmen on equal ground.

During the turbulent passage of the Nationalisation Bill and the launching of various sectoral rescue plans, he has added a persuasive voice to the public debate on the French economy. But, a frail 74-years-old, and with few ambitions left, it was clear that he saw his role as a temporary one. Friends said he had become overtired, submerged in a flood of work in a post which has proved to be one of the most difficult in the present administration. He now retires to the Elysée in an advisory role.

M Chenevenement, by contrast, is a politician to his fingertips. One of the natural leaders of the Socialist Party who, like President Francois Mitterrand or M Michel Rocard —the out-of-favour Planning Minister—he has been able to build a personal following. He founded the left-wing Ceres Group at the age of 27, sixteen years ago, later throwing its support behind M Mitterrand during the Socialist Party's internecine struggles.

M Chevenement also shared M Mitterrand's belief that a Socialist victory could only be won in France from left of centre. He became author of the Socialist Project, the party programme on which M Mitterrand based his own Presidential manifesto. Victory later brought him cautious Presidential approval and a senior position as one of the five Ministers of State in the Socialist Government.

During the last year he has clearly marked out his claims for an even more important role by running his Ministry in a way that has brought broad approval from scientists and industrialists alike. Combattive, witty—and perhaps the smartest dresser in the present Cabinet—he has abundant self confidence which visibly inspires many of the people who work for him. He has no problem in dealing with technocrats: he took a law degree, then passed through the



M Chevenement: politician to his fingertips

prodigious Ecole Nationale d'Administration Government training school, before beginning his career in the Economics Ministry.

The big question now is what he will do with his expanded responsibilities. Under M Dreyfus there was growing criticism that the Industry Ministry was failing to develop a coherent strategy. It was argued that the newly nationalised companies were not being pushed fast enough to re-organise and the sectoral rescue plans were failing to arrest the steady rise in import penetration.

On some of these issues, it is difficult to see how M Chevenement can escape from being caught up in the time-consuming detailed work which industrial policy demands. But he is also certain to intervene more than his predecessor, who insisted that the industrialists involved in the consequences of government action should have their say.

The basic methods of the Chevenement approach to policy making have already been demonstrated at the Research Ministry. He starts with a fairly clear idea in his own head — for example, that France's research effort should be expanded. He then pools all the interested parties together into a full debate, which he leads and inspires. The result is a consensus which pleases as many of the participants as possible, but which unmistakably bears his imprint.

In the two main projects launched by his Ministry—the expansion of France's research spending to 2.5 per cent of all gross national product by 1985, and the report on the electronics industry—he has also shown a strong nationalistic element in his thinking. He talks in almost Gaullist terms about the need to develop independent technology and to combat U.S. industrial dominance.

This attitude has raised suggestions that he may adopt tougher policies to protect the domestic market than M Dreyfus was prepared to accept. It is by no means certain, however, that he will swing that way. In the Research Ministry he has proved to be remarkably undogmatic for a man who was previously, vilified as an unbending radical. He talks ceaselessly of international co-operation, and he has travelled widely, coming back from visits to Japan clearly both disturbed and inspired.

It was probably the Japanese visits that also turned him into such an enthusiast for electronics. The recent Research Ministry report on electronics is soon to be turned into a Government-backed programme, and is likely to prove a blueprint for the Chevenement methods of intervention.

Its key proposal is for the identification of specific areas on which national resources should be concentrated. A little like the nuclear programme, but on a smaller scale, the report suggests that a wide variety of facilities should be poured into the research and development effort combining the state and private sectors, universities and public research. Significantly these development programmes, to be called "national projects," will now be co-ordinated by a single Ministry from the research stage to the finished product.

Cynics scoff at such efforts, saying that France is too small to compete, except as a vassal of the great electronic overlords. But M Chevenement is one of nature's optimists.

Recalling a visit to the retired General Giap in Vietnam recently, he recalled how the General interpreted his extraordinary victory at Dien Bien Phu. "Like Napoleon," said General Giap, "I managed to turn up where the enemy thought it was impossible." That is how France should manage its industry, concluded M Chevenement.

Bonn provides more help to Saarland steel

By Jonathan Carr in Bonn

THE West German Government has agreed to provide more financial aid for the steel industry in Saarland—part of efforts to restructure the industry there around the Roechling Burbach group.

The Cabinet yesterday decided to make available up to DM 130m (£30m) in aid, provided the Saarland state government itself matched this amount and that Roechling Burbach took all possible steps for further rationalisation.

While state aid specifically for the Saarland steel industry rates back to 1978, the Government has also reported lively response to its offer to help the steel sector generally.

Applications for grants covering a total volume of investment of more than DM 14bn (£3,27bn) had been received.

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Dutch report urges end to wage-price compensation

BY WALTER ELLIS IN AMSTERDAM

A government-appointed committee, reporting on the future development of Dutch industry, has called for the abolition of wage-price compensation for employees and an end to the present link between unemployment benefit and the national minimum wage. It also seeks a change in the law in order to prevent governments intervening in private sector pay bargaining.

The committee's report has been adopted by the Cabinet as the basis for talks aimed at forging a new coalition after the general election on September 8.

The FNV, the Netherlands' union federation, has denounced the findings, however, as "unbalanced

Mr Dries van Agt, Prime Minister in the current interim administration and leader of the Christian Democrat Party, said even before the report was made public that it contained "measures the country is waiting for."

Mr Ed Nijpels, leader of the Liberal Party with which the Christian Democrats are expected to share power after the election, also favours radical efforts to improve the position of Dutch trade and industry. He has just proclaimed the need for Fl 10bn (£2.1bn) cut in social security payments over the next four years.

Of the other two main political parties, Labour remains committed to curbing the level of any cuts in public spending, while Democrats 66, a centre-left grouping in coalition with the Christian Democrats, is looking for income tax reductions.

The report says there is an indissoluble link between socio-economic and industrial policy and that changes to both are essential to economic recovery.

For the short term, the committee urges measures to hold down prices rises. As well as urging the breaking of the relationship between unemployment benefit and the minimum wage, it recommends the ending of automatic price compensation, arguing that this should form part of normal wage negotiations.

Reagan backs modified Senate Spending Bill

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT REAGAN indicated yesterday that he would accept a new emergency Appropriations Bill passed by the Senate, after vetoing two earlier versions and threatening that parts of the U.S. Government would have to close down temporarily through lack of funds.

The Bill passed by the Senate still provides for $390m ($217m) above the limits requested by the President. But, after a day of negotiations between the Senate budget committee and Mr David Stockman, the White House Budget Director, Mr Larry Speakes, the White House deputy press secretary, said that President Reagan "looks with favour" on the latest proposal.

Technically some government departments may still run out of money before the new Appropriations Bill becomes law, because the House of Representatives, which has to pass the new Bill along with the Senate, is in recess until July 12.

Contingency plans have been made to lay off up to 9,000 non-essential federal employees for one or two days a week until then. However, the Speaker of the House, Mr Tip O'Neill, is expected to convene a "pro forma" session of the House within the next few days to pass the Bill, if his soundings among House leaders suggest that they do not wish to fight against the President's strong arm tactics in imposing his will on Congress.

Congressional leaders are particularly irritated with the President because the differences between the latest Bill, which the White House apparently approves, and an earlier compromise version passed by both the House and the Senate, are marginal.

They involve small changes in funding for the postal service, flood control programmes, housing and highway construction totalling about $300m.

President Reagan believes, however, that it is essential to force Congress to cut back all "non urgent" spending as close as possible to his Administration's original 1982 budget request, in order to increase the credibility of the 1983 budget passed earlier this month.

The President was provoked into taking a hard line with Congress by an attempt in the first version of the emergency supplementary Appropriations Bill to include a $3bn mortgage subsidy programme, which ran directly counter to announced Administration policy.

Blacks plan boycotts to further civil rights

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

LEADERS of the American black movement this week decided to organise nationwide boycotts against companies which do not offer equal opportunities to blacks.

The annual convention of the National Association for the Advancement of Coloured People (NAACP)—the country's leading black activist group—agreed to move "more aggressively and more frequently" to use black economic power to end civil rights abuses which they claim the Reagan Administration is unwilling to tackle.

The NAACP, which estimates black spending power in the U.S. at $140bn (£78bn) in 1981, said its aim was to focus black patronage on companies which shared the goals of black Americans. It said that of the 15,000 directors on the boards of the Fortune 1,000 largest U.S. companies, fewer than 100 are black.

NAACP officials would not say which specific companies may have been targeted for boycotts, but the association is known, for example, to have been studying the film industry, where black actors and actresses say they are finding it almost impossible to get work. Delegates from the NAACP Hollywood branch said they expected a boycott against films produced by many of the leading movie studios.

State tax curbed on foreign earnings

By Richard Lambert in New York

THE U.S. Supreme Court, in what is seen as a significant limitation on the rights of states to tax multinational companies, has ruled that dividend income earned by Asarco and F. W. Woolworth from foreign subsidiaries was not part of their "unitary business" for the purpose of taxation by states where the companies do business but are not incorporated.

It seems likely that in future such cases will be judged on individual relationships between parent companies and the subsidiaries from which they receive dividend income.

Two years ago, in cases involving Exxon and Mobil Oil, the court ruled that a state could tax a portion of a company's foreign dividend income, provided that the activities of the foreign company formed part of a single unitary business with the parent company's operations within the state.

That ruling still stands. But it has been refined by the court's latest view which requires that there should be a rational business relationship between the two activities before the state can impose a tax.

Move to cancel Virgin Islands tax treaty

WASHINGTON — The U.S. Government plans to cancel a tax treaty which it says has let outsiders use the British Virgin Islands as a tax haven.

The State Department is to notify the islands of the cancellation by the end of this month, it has told the Senate Foreign Relations Committee in a letter. The treaty would officially end six months later, on January 1, 1983.

The treaty, an extension of a tax pact the U.S. signed with the UK in 1945, reduces the tax rates charged to island residents and businesses that earn dividend income from the U.S.

U.S. officials say the treaty is being used by people from other countries who establish businesses on the islands solely to reap the tax benefit.

The U.S. has been trying to renegotiate the treaty with the islands' government, but the letter indicates that negotiators have failed to agree.

AP-DJ.

Bignone announces largely civilian cabinet

BY JIMMY BURNS IN BUENOS AIRES

GENERAL REYNALDO BIGNONE, Argentina's President-designate, officially announced his cabinet yesterday, in a move underlining his determination to assume office in spite of continuing divisions within the armed forces.

Only one military figure has been included in the 10-man cabinet, which is otherwise made up of technocrats and civilians linked to conservative political parties. It is the most broadly civilian government since the military coup of 1976, and reflects Gen. Bignone's avowed intention of acting as a bridge which will lead Argentina to full democracy by 1984.

Significantly Gen. Bignone has replaced all the key ministers who served under the ousted President Leopoldo Galtieri, thus stressing his distance from his unpopular predecessor and the new cabinet's independence from the Falklands crisis.

Only Sr Jaime Lucas Lennon, the Minister of Justice, Sr Cayento Licciardo, the Minister of Education, and Sr Horatio Castells, the Minister of Health, have been retained.

Maj Gen Llamil Reston takes over at the Ministry of the Interior from Gen Alfredo St Jean, who has been acting as caretaker President since the downfall of Gen Galtieri two weeks ago.

Gen Reston is currently Commander of the Fourth Army Corps in Mendoza, and served as Minister of Labour during the presidency of Gen Jorge Videla.

He is known as a pragmatist rather than a man of clearly defined ideological views, and is expected to share Gen Gignone's dialogue with politicians. More radical sectors of the opposition remain apprehensive about his appointment, remembering Gen Reston's violent repression of anti-government riots in Mendoza just before the Falklands invasion.

As has been widely predicted, the Economy Ministry has gone to Sr Jose Dagnino Pastore, who served in the post during the conservative military government of Gen Juan Carlos Ongania (1966-1970).

Sr Pastore has a reputation as a "liberal" economist, with a strong belief in budgetary discipline as one of the main instruments to contain inflation.

Sr Pastore is well known to the international banking community as having represented Argentina in Europe between 1976 and 1978 during debt rescheduling negotiations with foreign banks.

The appointment of Sr Juan Ramon Aguirre Lanari, Argentina's Ambassador to Venezuela, as Minister of Foreign Affairs was confirmed.

Jimmy Burns reports on tensions surrounding Argentina's new régime

Military objections jeopardise presidency

A crowd of 50,000 government supporters in the Plaza de Mayo, Buenos Aires, at the height of the Falkland crisis

AT THE same time as General Reynaldo Bignone is due to be sworn in as the new President of Argentina today, hundreds of Argentines will be filing into a downtown cemetery like characters from a Mafia film, to lay wreaths on the tomb of Juan Peron, their one leader who achieved lasting fame and who died eight years ago. In a speech to the nation General Bignone will appeal for reconciliation but the Peronist youth will be on the streets calling for more power to the people.

The contrast is typical of Argentine loyalty. As the writer V. S. Naipaul once noted Argentina reads all too often like a short story by Jorge Louis Borges.

Just over a week ago, the nomination of Gen Bignone by the new army chief Gen Christino Nicolaides pushed the navy and the air force into resigning their active participation in the three-man junta. The dissidents, air force chief Brig Gen Basilio Lami Dozo and navy chief Admiral Jorge Anaya, stated that they wanted a civilian president to succeed the ousted Gen Leopoldo Galtieri, and an early return to full democracy. By insisting on a military president and announcing that the army was taking over full control of government, Gen Nicolaides appeared to be slamming the door on any suggestion of the ballot box.

Today Gen Bignone is due to take over having been tacitly accepted by the politicians and with the public image of a man who might speed the return of Argentina to democracy by 1984. But the objections to his nomination from within the military persist, and this remains the single most important factor affecting the stability of Argentine politics. Indeed, by yesterday evening, the collapse of the attempt at reconciliation between the three junta members focussing on the creation of a civilian vice-president had again put in doubt the survival of the Bignone presidency.

Little is known of Gen Bignone's political past, other than that he was Secretary General of the army under the former presidencies of Gen Jorge Videla and Sr Roberto Viola. He comes from that rare breed of Argentine retired generals who have managed to keep their mouths shut for at least a year.

The manner in which he was chosen, however, has suggested that his brief was to lead a period of hard-line army rule capable of enforcing order on the chaos wrought by the Falklands disaster. Since his appointment, Gen Bignone has gone some way towards defying the sceptics.

His self-effacement and mild manners have contrasted markedly with the arrogant and bombastic tones of his predecessor, Gen Leopoldo Galtieri who was deposed two weeks ago. In his first dialogue with the press, the Jesuitical-looking and soft-spoken Gen Bignone insisted that Argentina should know as soon as possible his intentions and appealed for "humility" and "reconciliation." "The only thing I can promise you is that I shall play clean," he said.

The message came through loud and clear in a widely leaked early meeting between Gen Bignone and representatives of the five-party opposition grouping, the Multipartidaria. Gen Bignone promised not only to lift the ban on political activity as soon as he took office but also that the country would have its first full elections since 1973 within the next two years.

The politicians emerged delighted — the defiant tones of scarcely 24 hours before were lost in the fawning assessments of the "Democratic" president-to-be.

Gen Bignone's plus factor is that he was not involved in the Falklands war and, indeed, this was taken into account when Gen Nicolaides pulled him out of retirement. However, Gen Bignone's power is to a large extent dependent on the generals surrounding him—the new president is formally heading a transition government overseen by the army—and few of these are immune from the tensions currently raging.

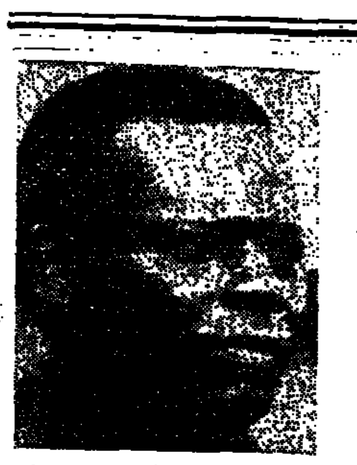
The tensions are likely to increase with the return of some 500 Argentine officers from the Falkland Islands following their expected release by the British in the next few days.

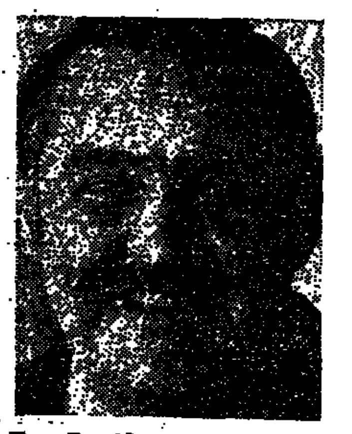
No one in Buenos Aires at this stage is willing to risk a guess as to how the military will react to the appearance of Gen Mario Benjamin Menendez the former military governor, nor indeed, and perhaps more important, how Gen Menendez will react to the military, and in particular the army generals who have assumed power. But reports that Gen Menendez wants a "tribunal of honour" to be held to clear his name and lay the blame where he thinks it should be placed bodes ill for the future.

In the midst of all the to-ing and fro-ing the extent to which Gen Nicolaides, Brig Gen Basilio Lami Dozo and Admiral Jorge Anaya are themselves secure in their positions at the head of their troops is still far from certain.

It is against this background of military unrest that the politicians have agreed only to tacit support for Gen Bignone, but have stepped back from signing a formal peace treaty with the regime. In spite of the opposition's initial warning to the President, the general view is that the final judgment should be dependent on facts rather than words.

OVERSEAS NEWS





Top: President Dos Santos of Angola; above, Mr R. F. (Pik) Botha, South African Foreign Minister

Cubans issue could delay all-party talks on Namibia

BY MICHAEL HOLMAN IN LUANDA

THE HIGHLY sensitive issue of linkage between a settlement in Namibia and the withdrawal of the 15,000-20,000 Cuban troops in Angola is proving critical to the run-up to all-party talks due to be held in New York soon.

For what is thought to be the first time in the protracted history of Namibian negotiations, the five-member Western contact group appear to have formally adopted the linkage principle in an unpublished document circulated to participants early in June.

The section in the document which has aroused considerable concern among officials of the South West Africa People's Organisation (Swapo) — and which could conceivably delay the opening of the New York talks—comes under the heading Other Regional Issues and reads:—

"A valuable oportunity now exists to achieve a settlement which could resolve other long-standing problems of the region at present hindering the development of the climate of security and mutual confidence necessary for a Namibia settlement.

"These issues do not fall under Security Council Resolution 435, nor are they part of the mandate of the Five. But the governments of the Five individually share the view that action on these problems could do much to advance and facilitate a settlement of Namibia within the time frame we envisage, and would be worth while in itself in bringing peace and contributing to economic development in the area."

Western diplomats in Luanda refuse to elaborate on the paragraph. But in an interview yesterday, Mr Hidipo Hamutenya, a member of Swapo's central committee, expressed considerable concern about the paragraph's implications.

"Talking to diplomats from certain contact group countries, one gets the impression that the onus is now on Angola to accept linkage . . . a very unfair proposition," he said.

"Unless one is able to see how linkage can be overcome, one cannot make reasonable predictions about what happens next. As long as there is no answer to our questions about the paragraphs, there is no point in proximity talks"—the description used for the proposed negotiations in New York which would initially take place through intermediaries.

The talks were originally expected to begin at the end of June, according to African diplomats. The latest date appears to be July 6, when discussions would begin between officials of the Western Five—the U.S., Britain, West Germany, France and Canada, Swapo, South Africa, and internal Namibian parties.

This week, Mr Brand Fourie, South Africa's ambassador to Washington, concluded preliminary discussions with State Department officials.

At a suitable stage, experts would begin work on details of the settlement plan based on Resolution 435. But the final sessions leading to a ceasefire in the conflict would be at Ministerial and party leader level. A target date for the conclusion of talks is August 15, with the prospect of elections by March 1983.

Western diplomats in Luanda express confidence that the talks will take place despite Swapo's concern about linkage.

If so, they will mark the culmination of a round of consultations made more complex by the fact that the U.S. is pursuing parallel, bilateral discussions with Angola in an effort to normalise relations between Washington and Angola.

The U.S. has refused to open an embassy in Luanda as long as the Cuban troops remain. But one especially important meeting took place in Luada early in June between the roving American Ambassador, Gen Vernon Walters, and President Eduardo dos Santos, at which the linkage issue is said by African diplomats to have been discussed.

This meeting was followed a few days later by a visit to Luanda of the Western contact group, and a meeting in Dar-es-Salaam, Tanzania, of the African Front-Line States. On none of these occasions were communiques issued, but it seems that sufficient progress was made to prepare the way for talks in New York.

Although all parties except South Africa shy away from the term "linkage," there is an acknowledgement that the Cuban presence in Angola is critical.

Peace in Namibia, and an end to South African support for the anti-government forces of Unita in Southern Angola, would allow the withdrawal of the Cubans, who have been there since independence in 1975.

But the timing of such a withdrawal will greatly depend on the departure of South African troops in Namibia. In a recent speech, Mr R. F. "Pik" Botha, South Africa's Foreign Minister, is reported to have called for a mutual withdrawal of troops.

Linkage of this nature is thought to be wholly unacceptable to Luanda. But in the view of Western and African diplomats here, Angola has gone to considerable lengths to reassure the U.S. that Cuban troops will leave once Namibia is settled.

In what is seen as a key development which may have paved the way for later progress, Cuban and Angolan Ministers issued a joint declaration in Luanda on February 4, asserting that the withdrawal of Cuban forces would take place through the "sovereign decision" of the Angolan Government "once all and any potential aggression or armed invasion has ceased."

The point has been made on two subsequent occasions: earlier this month at the end of a central committee meeting of the ruling MPLA, and again last week in a speech by Mr Lopo Do Nascimento, Minister of Planning.

But the Minister rejected the concept of linkage as put forward by Pretoria, and it is unlikely that Angola can go any further, in public at least.

In his interview, Mr Hamutenya described a number of concessions on other matters made by both Swapo and South Africa. These include agreement on the size of the United Nations Transitional Administration Group a formula to resolve South African doubts about the impartiality of the UN, and acceptance of the group's monitors of Swapo camps in Angola and Zambia.

But the optimism that followed the Front Line meeting of mid-June, he said, was being replaced by concern that Pretoria's concessions were merely tactical, and that South African insistence on linkage would prove a major stumbling block.

Pretoria delays uranium plans

By J. D. F. Jones in Johannesburg

SOUTH AFRICA will not be producing its own enriched uranium to fuel the Koeberg nuclear power station until 1987, Dr Wynand de Villiers, president of the Atomic Energy Board, has confirmed Koeberg, near Cape Town, is expected to come on stream early next year, thanks to a Swiss supply of enriched uranium, arranged by U.S. brokers and converted into fuel rods by France.

In a restructuring of South Africa's nuclear industry, Dr de Villiers today becomes first executive chairman of a new Atomic Energy Corporation of South Africa, under which the existing Atomic Energy Board and the Uranium Enrichment Corporation (Ucor) will be subsidiaries.

Dr de Villiers said that the small pilot enrichment plant at Valindaba, near Pretoria, has been producing enough fuel to keep South Africa's experimental reactor, Safari-1, at nearby Pelindaba, operating at only 4-5 MW of its 20 MW capacity, thus inevitably slowing its research and isotope production functions.

He also confirmed that South Africa has ordered 28 litres of Helium-3 from the U.S. for research purposes at Pelindaba. But he described as "a lot of nonsense" reports from Washington of concern that this could be diverted in connection with weapons manufacture.

Dr de Villiers said that after a 12-year decaying period, the Helium-3 would become a mere three grams of tritium. In any case, he said, the deal could fall under international inspection.

Since 1977, the U.S. has refused to supply enriched uranium to South Africa because of Pretoria's refusal to sign the Nuclear Non-proliferation Treaty (NPT) and agree to inspection of its home-grown enrichment process.

The Reagan Administration has introduced a more flexible attitude towards supplies of nuclear-related materials, including computers and research equipment. The Helium-3 has not yet been supplied.

Dr de Villiers did not explain the reasons for the delay in the completion of the Valindaba enrichment plant, although he mentioned that manpower shortages—some departments have only 40 per cent of positions filled—were "Killing us." There have been reports in the U.S. specialist Press of a cutback in government funding.

A delay in self-sufficiency until 1987—it was earlier believed that late-1985 was the target—will raise questions about the source of supply of enriched uranium to Koeberg after the present Swiss supply—reported to be 72 tons—has been exhausted.

Koeberg is known to require 48 tons of fuel a year. The "semi - commercial" plant at Valindaba is intended to produce 50 tons a year.

Escom, the state electricity body, will probably not take a decision about whether or not to build any more nuclear power stations until it has evaluated the performance of Koeberg and can see the way to assure supplies of enriched uranium.

Lebanon bankers protest

By Nora Boustany in Beirut

LEBANESE banking officials are angry at Israeli attempts to violate one of Lebanon's best kept laws—bank secrecy. Banks in the Israeli-held port of Sidon have received notices from an Israeli security officer asking them to divulge details of individuals receiving salaries from political groups, officials say.

Banking authorities have protested vigorously at the attempt to countermand the secrecy law. The law has often been credited with substantial contribution to the health and vigour of the banking system, which has survived Lebanon's instability.

Bankers refer to deposits or money filtered through their banks to such organisations as "political money" and often resort to the Swiss banker's proverb saying "money has no smell."

Funds poured in by Arab regimes, such as Libya, or Palestinian organisations have allowed a number of paramilitary groups and militias to flourish.

Israelis plan security of southern Lebanon without foreign help

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS begun to build up local militias in the areas of southern Lebanon which it captured in last month's invasion so that it can guarantee security there without the need for an international force.

Arms and uniforms have been given to villagers in an attempt to create a local force cpable of policing the areas, keeping out Palestinian guerrillas, and preventing a return of the Syrian forces.

At the same time a "senior policymaker" in Jerusalem has said that Israel may be able to police a security zone stretching up to 28 miles into Lebanon without needing a multinational force.

The senior policymaker said that following the expulsion of Palestinian guerrillas from southern Lebanon, "wholly new options may open up." This new tone is in sharp contrast to earlier insistent Israeli demands that an internal military force must be placed in southern Lebanon to ensure the security of Israel's northern border.

The new attitude may derive partly from a reluctance in Washington to send troops to such a force, coupled with fears that any participants from West European countries might be basically hostile to Israel.

In the three weeks of occupation Israel has already helped Christian Phalangist militiamen to come to the cities of southern Lebanon, as well as reactivating the local Lebanese gendarmerie to look after law and order.

During the past few days, Major Sa'ad Haddad, the leader of the Israeli-backed Christian militia in southern Lebanon, has been visiting villages distributing weapons and uniforms. He has been particularly active in the Shi'ite Moslem villages, where new units of the local militia have already been formed and armed to keep out guerrillas.

While the militia units are still very small, they have reportedly sworn to defend their areas against both PLO guerrillas and Syrian troops, and ultimately are committed to helping Major Haddad's men to push the Syrians and PLO out of Lebanon, presumably with the aid of the Israeli Army.

Israel is clearly viewing this as a viable alternative option. Major Haddad, with Israeli backing, managed to keep the PLO at bay in his enclave during the four years between the 1978 Litani operation and the current invasion.

The ultimate aim is to link the local militia with a supreme Lebanese force under the command of a central government in Beirut, thus creating total Lebanese sovereignty over all the areas of Lebanon which have been conquered by Israel or controlled by the Phalangists.

British embargo on Israeli arms sales, Page 9

VIETNAMESE troops on their way to the front. In the foreground a clearly-marked foreign aid grain sack. Aid officials in Kampuchea have recently claimed that large amounts of foreign aid meant for Kampucheans have been diverted by the Vietnamese army

Alain Cass, Asia Editor, reports on life in Kampuchea three years after Vietnam's invasion

Grateful just to be alive

CHUYEN is a Vietnamese front-line soldier in Kampuchea. He has just arrived in Pursat, a small provincial town on the road to the border with Thailand scarred by years of neglect and skirmishes by rival factions battling for control of this destitute country.

His unit, the 442nd Infantry Division, landed at the port of Kompong Som after five uncomfortable nights and days by steamer down the Vietnamese coast and then by train and finally by what remains of Kampuchea's fleet of ageing U.S. buses on its way to the front.

Chuyen is 24 years old and, like most fresh troops landing in a foreign country for the first time, he was eager, apprehensive and homesick.

Shouldering his way through a boisterous knot of comrades snapping up cold drinks he sat down at a table and waved away a swarm of flies. "I'm the third of three brothers to join the army," he said. "The other two fought in the anti-U.S. war. Its good to be on active duty. But," he added with a wistful little smile, "we're a long way from home."

By the time Chuyen's tour of duty ends home will seem even further way. Like most of Vietnam's 150,000 plus troops in Kampuchea he will be there for three years.

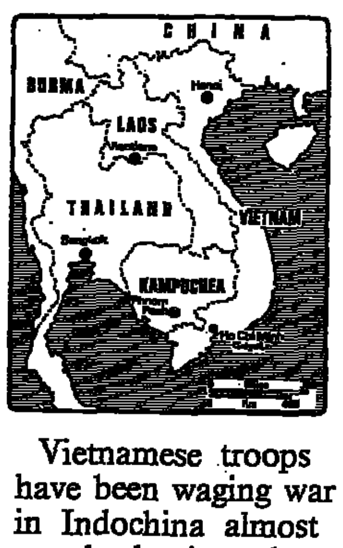
During that time he will get paid 10.5 Vietnamese dong a month (just over one dollar) which probably ranks him as the lowest-paid private in any of the world's standing armies. To supplement this he gets free food, accommodation and two uniforms.

Like many of his comrades who have been there since the Vietnamese invasion of 1979 he will probably settle down to cultivating vegetables in little plots around his barracks. He may raise a pig or two which he can then sell on the local market for a small fortune, perhaps eventually indulge in a little "free trade" for goods which pour across the Thai border in return for hoarded gold.

What did Chuyen think he was doing in Kampuchea? Chuyen smiled and looked around for support among his colleagues who had gathered round our table. When none was forthcoming he finally said, "Fighting the Chinese," referring to the "Chinese threat" and Peking's support for the Khmer Rouge which Hanoi says is the reason for its continued presence in Kampuchea.

Chuyen and his predecessors have been waging war in Indochina almost ceaselessly since 1940—a formidable warrior race with an almost unparalleled string of victories to their name. In Kampuchea they seem settled for the duration, billeted in towns and hamlets in a great wedge of territory from Phnom Penh, the capital, to the desolate border country where the remains of the Chinese-backed Khmer Rouge, ousted in 1979, wage a dogged guerrilla war

Hanoi's divisions clearly dominate the country and are visible everywhere. But they do not behave like occupation troops. They are discouraged



Vietnamese troops have been waging war in Indochina almost ceaselessly since the 1940s—they are a formidable warrior race with an almost unparalleled string of victories to their name.

from mixing with the local population and, at a lower level, seem diffident, even uncertain, in their relationship with Kampucheans.

Kampuchea's hamlets, villages and towns are coming alive again three years after Pol Pot who, even allowing for the hyperboles of government propaganda, killed and maimed hundreds of thousands —perhaps millions—of his own people in a systematic campaign of mindless volence.

In Phnom Penh the good life for which this erstwhile French colonial capital was renowned is struggling to make a comeback. Little restaurants serving excellent French cuisine draw large crowds who pick their way through the rat-infested streets where refugees live in squalor among the ruins. Last month the first foreign businessman—appropriately a partner in a renowned French cognac concern—flew in "to see what's cooking."

Though it remains desperately poor, and for all practical purposes cut off from the outside world, Kampuchea is slowly edging back towards subsistence. There is still some malnutrition and foreign humanitarian aid remains a vital prop to recovery. But, as one senior aid official put it, "the emergency phase which began in 1979 is almost over."

A number of aid organisations, including the International Red Cross, have said they will pull out at the end of the year. Barring a bad harvest this year, in which case famine would certainly occur, the régime of Heng Samrin may soon be in a position to begin building on the tattered remains of Kampuchea's economic structure.

Paradoxically this improving situation poses problems for the Vietnamese. If, as they claim, the Khmer Rouge are no longer a major threat, why do they need to keep so many troops in Kampuchea? Nguyen Co Thach, Vietnam's Foreign Minister, will come under strong pressure to give a satisfactory answer when he visits Singapore and the Philippines next month or, alternatively, to offer a partial withdrawal as a gesture of good will.

A total defeat of the Khmer Rouge, unlikely as that may be, would be an embarrassment to Hanoi which needs a tangible excuse to keep its troops in Kampuchea until the more important objective of consolidating Heng Samrin and Vietnamese primacy in Indochina is achieved.

Another looming problem is likely to be the rebirth of Kampuchean nationalism. For the moment Kampucheans are just grateful to be alive. In the long run, however, they may not take as kindly to Hanoi's brand of rigid Marxism as have the Vietnamese, who have had nearly four decades to get used to it. As one diplomat put it: "Capturing Kampuchea was relatively easy for Vietnam. Keeping it may prove more difficult."

Nkomo party link to attacks

THE ARREST of eight soldiers and an unspecified number of civilians following last week's abortive attack on Prime Minister Robert Mugabe's home and that of Mr Enos Nkala, Minister of National Supplies, apparently links the attack with Mr Joshua Nkomo's opposition Zapu party, our Harare correspondent reports.

All eight soldiers are understood to be former members of Mr Nkomo's Zipra guerrilla army. A body found outside Mr Nkala's house after the attackers were driven off by bodyguards has been identified as that of a sergeant in the national army who joined from Mr Nkomo's Gwaai River camp in 1980.

U.S. bows to call for review of Disc tax system

BY BRIJ KHINDARIA IN GENEVA

THE U.S. has called for a new forum within the General Agreement on Tariffs and Trade to study taxation systems which may subsidise exports in violation of Gatt rules.

The proposal was made at a meeting of the Gatt council in Geneva in response to a sharp attack by the EEC on tax deferrals given to U.S. companies which create so-called Domestic International Sales Corporations (Discs) on U.S. territory to promote exports.

With the support of a large group of Gatt members, the EEC asked the council to formally require the U.S. to change its Disc system "without delay" to prevent tax deferrals from being used as export subsidies.

To defuse the pressure, Mr David MacDonald, the U.S. deputy trade representative, asked that the Disc system, as well as tax systems of other countries, be re-examined in the light of a compromise reached between the U.S. and the EEC in December last year.

The compromise, approved by the council, was interpreted by the U.S. as legitimising Disc and ending a dispute with the Community begun in 1973 when the EEC first complained to Gatt against the tax deferrals.

As part of the compromise, the U.S. accepted a report by a council arbitration panel saying that the Disc system is a clear violation of Gatt because it hurts the interests of other countries by subsidising U.S. exports.

The Community has, however, surprised the U.S. by revoking a private understanding not to complain again about Disc. The reversal stems from Community displeasure at the hardline taken by the Reagan Administration against subsidised steel imports from Europe.

Other Gatt members are also insisting the U.S. abide by the arbitration panel's findings and change the Disc system. Mr MacDonald presented a 50-minute defence of the system saying that tax deferrals merely compensate U.S. companies for disadvantages arising from U.S. taxation methods compared with those used in Europe.

The U.S. taxes companies on their overall income including that from exports, while the Community does not collect taxes on exported goods, provided that affiliates handling exports are based abroad. The U.S. sees the Disc system as a way of compensating exporters to give them tax advantages similar to those enjoyed by Europeans.

Wardair bid to delay Airbus orders

TORONTO — Wardair International, Canada's largest charter airline, is negotiating with Airbus Industrie to delay delivery of six aircraft ordered last year.

Under the contract two Airbus-A-310s were to be delivered in 1983, two in 1984 and two in 1985, but Wardair said negotiations were taking place to delay all delivery dates by two years, so that the first aircraft would arrive in 1985.

Wardair said it wants to delay delivery of the aircraft because of the state of the economy. "We just do not see an upturn in the Canadian economy by the time those aircraft are due for delivery," said Mr Brian Walker, Wardair's vice-president, sales and marketing.

The contract, valued at \$450m (£250m) marked the only sale to a North American airline of the Airbus A-310, a smaller version of the Airbus A-300. Wardair has options on six more Airbus A-310s. If the negotiations are successful, the deadline for exercising the options would also be delayed two years.

The company is also negotiating with General Electric of the U.S., which is supplying the engines, to delay deliveries.

AP-DJ

Koenig ready to take up the ICC cudgels

BY FRANK GRAY

FINDING A way to curb the rising threat of protectionism in the U.S. and Europe will be the top priority of Herr Hans Koenig, who takes over today as Secretary-General of the Paris-based International Chamber of Commerce.

While fighting protectionism and boosting free trade are the cornerstone of the ICC, the challenge now is greater than at any time since the 1930s, Herr Koenig said.

"With the recession, and with inflation and unemployment in the west all on the rise and, in some cases, not controlled, protectionism looks an easy way out . . . but there is little evidence that protectionism or trade sanctions ever work."

He acknowledged the difficulty in promoting free trade to the unemployed and to a government seeking re-election in an atmosphere of economic austerity: "But it would be much worse if nobody spoke up."

Herr Koeing, 58, succeeds Mr Carl-Henrik Winqwist, a Swedish banker, who is leaving the ICC after serving as its head since the mid-1970s. Herr Koeing held positions in European Coal and Steel Community in the 1950s and has been head of the chamber's West German national committee in Cologne since 1964.

It was under Mr Winqwist's term that the chamber began to evolve into a more articulate organisation in its championing of free trade and widened its participation in other trade organisations and activities.

Perhaps the organisation's major achievement in recent years is the establishment in London of the International Maritime Bureau. Headed by Mr Eric Ellen, a former head of the Port of London Police, the bureau's main function is to contain or prevent fraud in maritime transport.

In its 18-month existence, it has won widespread support from the world shipping community for its investigative work. As a unit, it recorded a profit of £60,000 in its first year, giving the ICC valuable revenue to ease its own mounting financial problems, said one chamber official.

The fact that the ICC seems to be fighting uphill battles is not lost on Herr Koenig. "We will continue to make our point, but we are the first to acknowledge that our advice is not always taken."

The activities of the ICC's Court of Arbitration are also on the rise. The court which is the main non-governmental legal body for settling international business disputes, is handling some 250 cases a year, and has 600 in the pipeline.

The chamber said most cases involve disputes over the construction and functioning of plants and of oil shipment contracts.

The organisation also has increased its ties with Third World business organisations. Last year, it held its triennial convention in Manila, promoting entrepreneurship in the Third World.

It has formed a link with the International Trade Centre of the UN Conference on Trade and Development (Unctad), and has set up a joint committee of national chambers in developing countries.

Mr Winqwist, before his departure, said development of ties with Third World business organisations was another priority. Many chambers were in serious need of help with organising fairs, conventions, seminars and overseas investment missions.

There was a huge gulf in what was common practice for business organisations in Europe and North America and what is able to be done by partner associations in the developing world, he said.

It is these activities, and the increasing political awareness of the chamber's 57 national committees that have given it a strong hand as an international lobby group.

Nevertheless, Mr Winquist acknowledged that often the organisation had to modify some principles to accommodate political reality. The chamber basically opposes the Multifibre Arrangement (MFA) the world textile agreement, mainly because it is meant to inhibit textile imports into Europe until the EEC had time to restructure its own textile industry to meet the competition. But all too often, such agreements, including the MFA, failed to achieve their aims.

"We are caught between the desire to promote an open trading system and supporting a protected system where businessmen have to survive . . . We cannot have it both ways, so we have to accede to the political reality."

Hans Koenig: will try to curb the rising threat of protectionism in the U.S. and Europe

The dilemma also affects its view of the International Air Transport Association. The ICC questions Iata's resistance to quick change in competition rules, but feels that deregulation of air fares in the U.S. might also have been a bad thing.

Nevertheless, it is near completion of its own study on international airline competition. The study favours a liberal multilateral framework for competition that will put it at odds with Iata.

It is its support for multilateral trade systems that prompted the ICC to push for more emphatic government support for the General Agreement on Tariffs and Trade (Gatt). The appeal came during the recent Versailles economic summit, when the chamber warned against voluntary export restraint agreements.

The ICC argued that such agreements could escalate, with trade restrictions becoming more difficult to reverse. "The world may then face a trade conflict that would aggravate recession, increase inflation, damage consumers and have serious political and social consequences."

It felt that a tacit endorsement of Gatt by the summit nations was no longer enough and that, if anything, they should "declare their determination . . . to restore confidence in and respect for it."

The fact that the ICC seemed to be constantly fighting an uphill battle was not lost on Herr Koenig. Noting that France had embarked on a programme of nationalisation and intervention, a sharp contrast with the free-trade posture of his own country, he said: "We will continue to make our points, but we are the first to acknowledge that our advice is not always taken."

Washington turns to Gatt in dispute with EEC

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR,

THE U.S. has asked the Council of the General Agreement on Tariffs and Trade (Gatt) to appoint a panel to adjudicate on a running dispute with the EEC over preferences granted to citrus products from Mediterranean countries.

The timing of the request was seen by trade diplomats as a further extension of the running trade disputes with the EEC, which have reached a new level of tension with the imposition of preliminary countervailing duties on imports of certain types of European steel and the extension of sanctions against the Soviet Union.

Relations between the U.S. and EEC in Gatt are becoming increasingly polarised, the diplomats noted, although the friction has so far not spilled over into the preparations for the Gatt ministerial conference scheduled for November.

But, the diplomats added, this may largely be because the preparations have not moved beyond the idea formulation stage. The difficult talks will take place after the summer holidays.

The U.S. move on citrus products adds another case to the lengthy list of disputes already before Gatt, initiated by the U.S. and involving EEC agricultural trade policies.

But the issue about the special preferences given to certain suppliers by the EEC is an old issue dating back to the early 1970s. It has been the subject of bilateral talks within Gatt between the U.S. and the EEC.

The U.S. has consistently argued that EEC preferences give a special place to some countries within the EEC market when, under Gatt principles, the preferences should be applied to all. On this particular occasion, at a two-day meeting of the Gatt Council, the U.S. was backed by Chile, it is understood.

But the raising of another agricultural case appeared to give extra emphasis to a more general argument that the EEC also raised in Gatt over the past two days. This is that the U.S. is too legalistic in its approach to trade disputes and that the Gatt mechanisms for conciliation are being dangerously overstrained.

The Gatt secretariat is also concerned about the number of disputes being raised. In its latest annual report of Gatt activities, it noted that the number of disputes raised last year was even higher than in 1980, a record year.

In some cases the issues raised might be too wide in scope and too important in terms of national policy to be resolved by semi-judicial panels, the secretariat said.

The citrus case, in this respect, implicity attacks the basis of the EEC's attempt to establish special links with countries around the Mediterranean seaboard.

But the current escalation of tension between the U.S. and the EEC is already having an effect on the Gatt machinery. Meetings of those involved in the subsidies code have been brought forward from October to July 15 to permit an airing of the U.S.-EEC steel dispute.

S. Korea to roll out fighter this autumn

BY ANN CHARTERS IN SEOUL

SOUTH KOREA'S first domestically-assembled F-5E supersonic fighter is expected to roll out of production this autumn. Korean Airlines began assembling the aircraft late last year under a Government contract with Northrop Corporation.

The contract provides for the co-production of more than 60 aircraft each. Details of the exact value of the contract and the number of aircraft are not available.

The Korean airforce, the seventh largest in the world according to Northrop, has over 250 F-5 series fighters.

As Korean Airlines gains experience it can opt to manufacture parts and components until most aircraft are fully assembled domestically.

Michael Donne, Aerospace Correspondent, writes: Morgan Grenfell, the merchant bankers, has signed a loan agreement to help the financing of the sale of four Short SD-330 airliners to Thai Airways, Thailand's domestic and international short-haul flag airline.

The loan is a buyer credit facility for £5.6m. It will finance 80 per cent of the cost of the aircraft, and is being funded jointly by Morgan Grenfell and the Tokai Bank.

The loan has been made available with the support of the UK Government's Export bills in band 3 at 12¾ per cent;

U.S., Japan and Panama in waterway study

BY WILLIAM CHISLETT IN PANAMA CITY

THE U.S., Japan and Panama have agreed to draw up a feasibility study on a sea-level waterway to replace or supplement the Panama Canal, which could become obsolete by the end of this century.

The U.S. has been reluctant to commit its support, although the Panama Canal treaties say that the U.S. and Panama will look into the issue of alternatives. Panama takes control of the canal in the year 2000.

Panamanian officials say agreement on the study was reached last week. The U.S. however, is unlikely to commit any funds. It is understood that Japan is prepared to underwrite the estimated \$30m (£16.6m) cost of the study. Interested countries will be invited to join a special commission on canal alternatives.

Japan is keen to move its cargo between the Pacific and Atlantic areas in large ships up to 250,000 dwt, but the present canal cannot take ships larger than 65,000 dwt. Increasing energy costs are making the use of large tankers viable but at the moment they have to travel around Cape Horn at considerable extra cost and time. A sea-level waterway would take large ships.

Many major Japanese banks have moved into Panama in the last two years including the Industrial Bank of Japan, Sumitomo Bank and the Mitsui Bank.

Treasury approval sought for Sizewell B checks

BY DAVID FISHLOCK, SCIENCE EDITOR

TREASURY approval is being sought for a £9m nuclear industry project, called the Inspection Validation Centre, to validate the inspection procedures used on the steel pressure vessel of the proposed Sizewell B pressurised water reactor.

The project has been proposed by the UK Atomic Energy Authority with the backing of the Central Electricity Generating Board—which expects to meet part of the cost—and the Nuclear Installations Inspectorate.

The £9m estimated includes operating costs for the IVC up to March 1988.

Approval is being sought urgently because the CEGB has stipulated that validation of inspection techniques will be required for both the complete 450-tonne pressure vessel and the forgings from which it is made, in the factory of the fabricator.

Because of the long lead-time for manufacture of this £10m component of the new nuclear station, the pressure vessel is expected to be ordered "shortly," ahead of the Sizewell public inquiry starting next January.

The order is expected to go either to Creusot Loire in France, which made the forgings for PWR2—the Navy's new demonstration PWR under construction in Scotland—or to the U.S. company Combustion Engineering.

The IVC is planned as a new facility of the UKAEA at Risley, Cheshire, close to its present pressure vessel test facilities.

The plans include laboratories and a section with 50 ft headroom and a 20 ft pit to handle steel sections weighing up to 200 tonnes. The facility itself is expected to cost about £3m.

Its purpose will be to provide an independent appraisal of the accuracy of the techniques — such as ultrasonic inspection — used to examine the Sizewell B vessel and any subsequent PWR vessels ordered in Britain.

The IVC will be a separate department of the Risley Nuclear Laboratories of the UKAEA, headed by Dr Roy Nichols, one of Britain's foremost metallurgists.

Manager of the IVC will be Mr Brychan Watkins, PWR project leader at Risley and chairman of the national PWR research and development programme.

Mr Watkins will have a team of about seven professional engineers

Dr Nichols estimates that it will take the IVC about four years to validate inspection procedures for the Sizewell B vessel.

Rethink on education urged

By Michael Dixon, Education Correspondent

THE GOVERNMENT'S expanded training schemes for school leavers were "a desperate attempt" to rescue them from the effects of the wrong kind of secondary schooling, Mr Walter Goldsmith, director-general of the Institute of Directors, said yesterday.

While academic results achieved by comprehensive schools were far from encouraging, secondary education's main fault was its failure to equip children who were not academically inclined with the basic skills needed in employment, he told a group of members in Leeds.

It was time to stop trying to patch up symptoms with training schemes and to start a fundamental re-examination of the secondary school system, Mr Goldsmith said.

"Radical change may be required. It may require a new generation of specialist secondary technical colleges or schools to offer the most effective means of catching up with the lead in vocational training of our European competitors."

Rolls-Royce announces boardroom changes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TOP MANAGEMENT changes at Rolls-Royce, the state-owned aero-engine manufacturer, and at Pratt & Whitney, one of its U.S. competitors, were announced yesterday.

At Rolls-Royce Mr Dennis Head, 56, has relinquished his post as managing director (operations) and is leaving the company. He has been a member of the board for eight years. He joined the company in 1949 after leaving Cambridge University.

Mr Peter Molony, 44, the finance director, will become operations director. He will be responsible for operations at all the company's factories in the UK, and for its cost and productivity objectives.

Mr Jim Rigg, 55, a senior official within the company's commercial organisation, will become finance director, and will be proposed for election to the main board.

Rolls-Royce denied any suggestion of a boardroom row. But Lord McFadzean, the Rolls-Royce chairman, is believed to feel that the operating divisions need to improve productivity substantially, to match U.S. competitors, Pratt & Whitney, and General Electric.

Lord McFadzean aims to achieve comparable productivity with the U.S. companies by 1984 at the latest.

Rolls-Royce lost £3m in 1981, after tax and redundancy payments, against net losses of £27m in 1980 and £63m in 1979.

About 9 000 jobs have been cut in the past 17 months, and a further 3,000 voluntary redundancies are planned

In the U.S. Mr Robert Carlson, executive vice-president of United Technologies Corporation responsible for its power section of which Pratt & Whitney is part, said Mr Richard J. Coar had been appointed president of the Pratt & Whitney Group.

Two new executive vice-presidents had also been appointed to Pratt & Whitney. Mr Arthur E. Wegner would be responsible for the commercial products division, the manufacturing division and a new commercial engineering organisation; and Mr William C. Missimer would be responsible for government products (including military engines), Pratt & Whitney (Canada), and the power systems division.

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Ministerial papers disclosure suit 'fishing'

By Raymond Hughes, Law Courts Correspondent

AN ATTEMPT by 20 international airlines to force disclosure of ministerial working papers which deal with the formulation of government policy on the British Airports Authority (BAA) was no more than a speculative "fishing expedition," counsel for the Department of Trade said in the Court of Appeal yesterday.

The airlines, which are in dispute with the BAA and the Trade Secretary over increased landing charges at Heathrow Airport, alleged that the Secretary had acted from an improper motive in imposing a financial target on the BAA, said Mr Simon Brown.

That motive, it was said, had been to reduce and contain the public sector borrowing requirement, and not a purpose properly related to the BAA's performance of its statutory duties.

It was in connection with that part of their claim that the airlines had sought disclosure of the working papers of successive Trade Secretaries between 1977 and 1980, said Mr Brown.

But that part of the claim was not at the heart of the airlines' case which, counsel accepted, as a whole was an enormously important piece of litigation.

He said that it was also very speculative as to whether the documents would show whether the minister had acted from an improper motive.

The Trade Department is appealing against a High Court judge's order that it produce for his inspection 100 ministerial working papers, so that he may satisfy himself that they would be necessary evidence in the airlines' pending High Court action over the landing charges.

The airlines are cross-appealing against the judge's refusal to order disclosure of about 150 other documents about the BAA, which passed between senior officials of the Trade and other government Departments.

Mr Brown said that he did not suggest that they could not properly challenge a ministerial decision; but they should not be permitted to see documents which show what the minister had thought about the matter.

Counsel, who had earlier claimed that ministerial documents were covered by the same confidentiality as that of cabinet papers, suggested that the judge who ordered production of the—ordered production had not sufficiently taken into account the closeness of the Trade Secretary's working papers to the inner process of government, and that they were still relevant to the formulation of government policy.

The hearing continues today.

Stock Exchange warns Gower proposals would cut its authority

BY JOHN MOORE, CITY CORRESPONDENT

THE STOCK Exchange has warned that its authority would be diminished if the Government accepts radical proposals for improving investor protection.

The Stock Exchange has detailed its fears in a hard-hitting response to a Government-commissioned report on investor protection, prepared by Professor Jim Gower, adviser on company law to the Department of Trade.

The report was commissioned last year and published in January. It was prepared following the failure of a number of investment companies, including Norton Warburg. In the report Professor Gower proposed a unified system of regulation to protect investors.

Professor Gower proposed four recognised self-regulatory agencies: the public issues and takeover agency, responsible for monitoring takeovers and issues; the Stock Exchange, responsible for its own members; an agency or association for over-the-counter markets, dealing off the Stock Exchange, and investment management and advice; and a unit trust agency, responsible for unit trusts and other mutual funds.

The Stock Exchange has attacked this core proposal.

"The structure of the arrangements, the unnecessary invention of a public issues agency and the curious catch-all quality of the agency designed to encompass dealers off the Exchange, investment managers and operators of over the counter markets all suggest an exercise in mere tidiness."

The Stock Exchange argues that the single most powerful effect of the proposal will be to subject members of institutions carrying out several types of activity in the field of investment management to more than one disciplinary authority for their different functions.

"We think this approach is impractical and unsound," it says. "In all matters concerning the Stock Exchange, member firms' capitalisation, extent of liability, insurance and compensation cover, the protection of clients is best served by one agency having authority over firms in all their functions."

The Stock Exchange, in one of the most aggressive and critical submissions on Professor Gower's proposals, says: "We seriously question Professor Gower's line of reasoning . . . which appears to suggest that there is something logically untenable in having a certain 'mix' of statutory and self-regulation for one type of practitioner and a different 'mix' for another."

The Stock Exchange is critical of the proposed creation of four self-regulatory agencies, which the Exchange describes as "single delegated licensing authorities." This would mean, it argues, that the Department of Trade would be bound to take a close and continuing interest in how each agency runs its affairs. Self-regulation "would be open to intrusion by ministerial direction and political influence."

The Stock Exchange "is the de facto authority over the central market and likely to remain so. Its authority would be diminished if it regulated its members only in their functions of stock jobbing or agency stockbroking. It is of the highest importance to investors that the Exchange's authority is not diminished."

The Stock Exchange says it would be desirable that all houses which act as investment managers "should codify their ethical rules into conduct of business, membership and disciplinary rules."

In its own submission yesterday, the Society of Investment Analysts argues that the establishment of the four regulatory agencies "is impossible because of the mix of functions in many commercial organisations."

Counter plan

The Stock Exchange has outlined its own counter proposals to the ideas outlined in Professor Gower's report.

The Exchange urges:

- Revision and modernisation of the prevention of Fraud (Investments) Act to cover both securities and other forms of investment.
- The extension of the rules of conduct appended to the Act in the way suggested by the Trade Department earlier this year.
- Individuals and firms should be issued with Certificates of Registration (rather than licences) which would authorise them to undertake specified activities, subject to the revised rules.
- Group certificates should be issued to associations which apply rules at least as rigorous as the new provisions of the Act and the licensed dealers rules.

NFC pays first dividend to staff

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

EMPLOYEE shareholders in the National Freight Consortium learned yesterday that they will receive a first interim dividend of 4.5p net and that their £1 shares have been revalued at £1.65 on the advice of the consortium's accountants.

Some 10,200 NFC employees, pensioners and their families hold shares in the NFC, which was denationalised and sold to employees earlier this year.

The decision to declare a dividend after only 12 weeks of trading under the new ownership was made to help employees who borrowed to buy the shares.

The directors of the NFC will be holding a series of meetings around the country next week with shareholders to explain the first quarter results.

A trading profit of £3.8m on turnover of £121m for the 12 weeks to May 15, and a profit before extraordinary items of £2.4m were announced yesterday. The figures were arrived at after payment of redundancy costs totalling £600,000, adding in profit from property of £2.6m, and deducting interest payments of £3.4m.

Extraordinary items totalled £400,000, leaving a profit of £2m, related mainly to the write-off of expenses associated with the initial issue of shares in the NFC.

The interim dividend is well in line withthe forecast made in the prospectus last year. The directors' assessment for the remainder of the year is that there will be some improvement on the present trading trend stemming from a small upturn in the economy.

The first quarter trading profit was a little below budget, largely as a result of the recession, while profit from property was slightly better than budget.

Sir Robert Lawrence, the chairman, said National Carriers had still not adjusted fully its overhead levels following the loss of the British Rail express parcels service, which uwas closed by BR last year.

The major companies in the group, British Road Services and the Pickfords group, remain strong profit earners, but they have ben experiencing very difficult markets in distribution and travel. The parcels activities showed an improving trend and the special traffics group performed well.

North-West economy declining

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE ECONOMY of the North-West of England shows signs of deterioration, in terms of both orders and activity on the shop floor, according to the latest quarterly survey of the regional Confederation of British Industry (CBI), published yesterday.

Mr John Tavare, the regional chairman, said the North-West saw no factors which would suggest an improvement leading to an upturn within the next three years.

The survey follows a gloomy CBI national report on the state of manufacturing industry. That report, produced at the beginning of the week, warned that order books for home and export business no longer appeared to be strengthening at many companies.

CBI officials in the North-West said at the beginning of the year that there were signs that the recession had flattened out. But they said yesterday that, although this was still the overall trend, the North-West's economy was now faltering.

Mr Tavare said "depression and a depressive attitude" marked the way companies were viewing the immediate future, and that they saw no route out of the recession on the basis of Government policies.

Interest rates were too high and there needed to be greater public spending on capital projects, such as road-building and expansion at Manchester International Airport.

The survey involved 64 companies. Though the number indicating that their sector was declining fell marginally in comparison to that in the previous quarterly survey, the number of companies saying that respective sectors were static rose from 62 to 71 per cent. The number of sectors said to be expanding also fell.

Mr Tavare said workforces generally were being reduced, and companies were showing "great reluctance" to take on permanent staff. This was a sign of the "very little confidence" with which they viewed trading over at least the next two years.

Sun Alliance pegs motor rates

BY ERIC SHORT

THE SUN Alliance Group is to freeze overall motor premium rates for the time being. In addition, mtorists in certain areas will pay lower premiums.

The group, which has about 200,000 motorists on its books, will announce the freeze today exactly 12 months after it last increased premiums.

Until last year the increases in the cost of motor claims forced insurance companies to revise premium rates at least once a year. With growing competition for business, however, they have taken advantage of the falling inflation rate and lower incidence of claims to hold premium rates for longer than 12 months, even if it means underwriting losses on the account.

Sun Alliance is following Guardian Royal Exchange and Commercial Union, which recently announced a temporary freeze in motor rates.

The group reviewed its claims by geographical area and, as a result, has reduced its rates by up to 15 per cent in several places in the UK. Motor premium rates are based on several factors, including age of driver, make and type of car, and the area in which the motorist lives.

Areas which will benefit from the cuts are mainly in North Wales, South Yorkshire, the Midlands and (some) cities.

For example, a mature driver of a Ford Cortina living in Manchester under restricted driver cover with a £50 excess today will pay a premium of £86.90 against £96.56 a year ago — a reduction of 10 per cent. Indeed, the present premium is lower than that paid in July 1980.

Lessons on squaring up to a floppy disk

By Mark Webster

COULD a child run yc business better than you ca Don't feel inadequate, y may simply be a victim techno-fear.

Techno-fear can turn hai nosed business people in quivering wrecks, accordi to Mr Julian Allason, t techno-fearless publisher Microcomputer Printoi magazine.

But there is no point in tur ing to the medicine cabin The only way to cure you self is to look a comput straight in the screen ai become part of the inform tion technology revolution.

Mr Allason wanted to find o if it were possible to teac anyone, even journalist with no technical knowled how to use a computer. Ye terday, a group of journalis was invited to the Savo Hotel in London for a initiation ceremony.

Applied Computer Techniqu of the UK supplied wh computer people insisted o calling the "human inte face" for the experiment.

Three of them came arme with Sirius 1 micro-con puters, floppy disks and a apparently endless stream c jargon to give a four-hou tuition programme on how t use the machines.

The experiment was inspire by a series of adverts in th national press sponsored b Mr Kenneth Baker's Inform tion Technology units – smacking of mysticism wit its offer of an Awarenes Programme.

To bring home the point tha no modern business is com plete without modern busi ness technology, a small dino saur is seen roaming over th computer, apparently un aware that techno-fear coul stop his million-year-old hear from beating.

"We want to see whether in a reasonable period of time you can teach someone to use a computer. We thought that four hors—half a day—would be a good start," said Mr Allason.

The micro-computer population is growing fast and will double to some 500,000 over the next 12 months, Mr Allason believes. With prices as little as £70, it would be only a matter of time before computers spread into every aspect of our daily lives.

Mr John Upton of ACT was anxious to put computers in their place by reminding his audience that the computer's distant relation was the humble abacus.

He added that remarkable progress has been made even since the early 1970s.

For instance, chips are getting much thinner and more powerful. The silicon chips used in micro-computers can hold 64,000 bits of information even though they are much smaller than their average potato based namesake.

Computers chat in various languages but the four most common form the Esperato of the computer would.

The guinea pigs in the training slotted the floppy disks into the machine with the shaking hands of anyone fighting techno-fear. The programmes, however, were simple to understand.

The flashing green cursor waited patiently on the side of the screen for a comand and page on page of information stored on the floppy disk ordered itself neatly

By the end of the session, lunch had done more damage to the participants than technology and most were able to command a piece of information at will.

The really inquiring mind could then go on to tackle the intricacies of programming the computer, begining its phenomental memory to its own needs. But that is a rather longer process.

The average user was more likely to buy his software program for doing his accounts, designing a house or controlling his manufacturing process.

To impress on an audience the real power of the Sirius computer, the ACT team revealed that a single floppy memory disk with its 2.4 megabytes of information storage could store four complete Barbara Cartland novels with instant recall.

If the journalists showed signs of fear, it was not techno-fear.

European air rivalry welcomed

By Michael Donne, Aerospace Correspondent

A PROGRESSIVE and orderly move towards greater competition in European air transport would be welcomed by the UK Government.

Mr Iain Sproat, Parliamentary Under-Secretary for Trade, commenting yesterday on recent moves in this direction by the European Civil Aviation Conference (ECAC), said that the present tight system of regulation may have been necessary once, "but it is not today. "Airlines now need a much greater freedom to react to the requirements of their customers," he said.

He said that the ECAC had recently adopted a recommendation in support of "the progressive and orderly liberalisation" of European scheduled air transport—something the UK had been pressing for during the past three years. "I look forward to a new competitive climate in European aviation, and a consequent improvement in the commercial strength of our airlines."

British holiday rush to North America runs out of steam

BY ARTHER SANDLES

THE BOOM in British holiday travel to the U.S. and Canada is over.

UK figures for British visitors to North America in the first quarter of this year show a drop of 18 per cent. For April alone, the numbers were 32 per cent down on last year.

In 1980, when the pound was riding high on the international exchanges, Britain topped Japan and West Germany as America's prime source of overseas tourists. The dramatic fall in transatlantic travel from the UK suggests that Britain may slip down the 1982 league table.

The rush to the U.S. and Canada in 1980 continued to some extent into 1981, but the pace faltered as exchange rates changed and air fares rose. The Laker collapse was a symptom of this altered climate.

The figures indicate that some 160,000 Britons visited North America in the first quarter of this year, compared with 196,000 in the same quarter last year. In April, the latest month for which there are estimates, the number fell from 103,000 in 1981 to 70,000 this year.

Figures from the Department of Trade also suggest that there were 1m overseas visitors to the UK in April this year, some 5 per cent more than last April. The number of UK residents going abroad also increased by 5 per cent to 1.6m. The result was a travel account deficit of £5m.

There was a large rise in the number of North American visitors, and a few more from EEC countries.

● Mark Meredith writes: Scotland has tried to reverse the falling trend in tourism, the country's seventh largest industry in terms of sales and employment.

The annual report of the Scottish Tourist Board says the industry brought in £718m last year, compared with £659m in 1980.

But the lack of growth generally was reflected in the falling demand for hotel beds and self-catering accommodation. Figures compiled by the board also showed that the number of visitors to some of Scotland's main attractions is falling —over 100,000 fewer visited Edinburgh Castle last year.

The length of holidays taken in Scotland was reduced and holidaymakers spent less in real terms than in previous years.

The number of overseas visitors declined in line with the number of visits to Britain from abroad.

The board has tended to see its international promotion efforts lost within the activities of the British Tourist Authority.

In his statement with the annual report, Mr Alan Devereux, the chairman said: "It is not our wish to establish an overseas organisation parallel to the British Tourist Authority, but it is our intention to press for considerably more freedom to differentiate and to promote Scotland as a destination in its own right."

The board last year appointed a director of overseas tourism, whose aim was to double the proportion of foreign visitors. About 9 per cent of visitors to Scotland come from abroad, and they account for 30 per cent of tourism revenue.

BL's 'sniffing robot' finds leaks in cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL YESTERDAY claimed a world breakthrough — it has invented a "sniffing" robot.

Two are being used in the Austin Rover plant at Cowley, Oxford, to sniff out potential leaks in Triumph Acclaim cars.

Instead of spraying a car with hundreds of gallons of water, the company injects a small quantity of helium gas under slight pressure into each Acclaim and uses highly sophisticated sensors to detect any escape of gas through doors, seals, windows and body seams.

Austin Rover's sister company, BL Technology, has solved the problem of controlling the leaking gas by enclosing the robot's sensor—its "nose"—in an air curtain. It took six months to develop a practical sensor, which has been patented.

The cost of introducing the dry leak equipment at Cowley was £375,000 and Mr. Andy Barr, Austin Rover's managing director, said the capital cost was very competitive with that for water systems.

BL will introduce sniffing robots to all its car assembly lines in the next few months, and is already talking to another company interested in using the system.

● If car sales do not meet expectations in the peak selling season of August and September the whole UK motor industry might face short-time working in the autumn.

Mr Harold Musgrove, chairman of BL's Austin Rover subsidiary, gave a clear hint about possible problems yesterday. He insisted that his company was still on target to produce between 450,000 and 500,000 cars this year, up by more than 18 per cent on 1981, because the sales shortfall so far in Britain was being made up in export markets.

"But if total car sales are down in August and September the whole of the UK motor assembly industry will have to see where it stands," he said.

The UK industry forecast in January that car sales this year would reach 1.52m to 1.55m, but BL now believes the total could be below 1.45m.

The difficulties associated with lower than expected volumes have been compounded by the fiercest car marketing war for many years in Britain.

However, Mr Musgrove said this would not be allowed to stand in the way of Austin Rover's investment programme.

The company is about to spend a further £100m at its Cowley, Oxford, plant, where the LC10 range of medium cars will soon start to come on stream.

Mr Musgrove also maintained that the UK market problems would not deflect Austin Rover's prime target of breaking even in 1983 and becoming profitable in 1984.

Call to build a nuclear power station each year

BY SUE CAMERON

BRITAIN should aim to build one nuclear power station a year in the late 1980s and 1990s, according to Sir Walter Marshall who today takes over as the new chairman of the Central Electricity Generating Board.

Sir Walter, former chairman of the UK Atomic Energy Authority, believes he will have full government backing for a speeded up nuclear power investment programme. But he warned that the rate at which new nuclear stations could be introduced would depend on general economic growth rates.

"We must introduce nuclear power stations at a reasonable rate," he said. "But the speed at which we can go will depend on the level of economic activity. If it is high we could build one nuclear station a year. If it remains low, then perhaps we'll only be able to bring in one every two or three years."

Sir Walter said even the most ambitious nuclear power programme would not substantially reduce the board's dependence on coal to generate electricity between now and the end of the century. The UK was "heavily dependent on coal" and 82 per cent of electricity came from coal-fired power stations. The proportion could be reduced to perhaps 72 per cent by the year 2000—assuming a large-scale and successful nuclear building programme.

Sir Walter stressed that coal from the majority of Britain's pits was "economic." But he said the question of how far the Government should allow the electricity consumer to subsidise uneconomic pits—even though the latter were only small in number—had to be considered.

"I would argue that we must buy the cheapest coal because we must put the electricity consumer first," he said.

Sir Walter added that he would be looking at the thorny question of electricity prices for big industrial consumers.

"My instinct tells me there must be a few special cases—companies which have been unlucky—and I'll want to look at these," he said. "But I think the whole question is more complex than I would feel able to judge at the moment.

"If we cut prices and increase demand, we would have judge at the moment. We would have to think of what the effect of changing electricity prices for some consumers would have on to bring on our most expensive power stations to meet the extra requirements. If we put prices up, demand would drop, we could phase out the more expensive stations, and then electricity would become cheaper again. It is not a simple issue."

Sir Walter said he believed he had been given the chairmanship of the board because the Government wanted him to provide "good management."

"At the Atomic Energy Authority, the Government was very interested in policy but it never interfered with the management," he said. "It felt that was my business."

Anna Bibolini '75% to blame for collision'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Italian bulk carrier Anna Bibolini was 75 per cent to blame for a collision in fog in the River Scheldt, the Admiralty Court has ruled.

The vessel was on the wrong side of the channel when the collision occurred with the 19,712 grt Liberian bulk carrier Maritime Harmony, in February, 1978, said Mr Justice Sheen.

Bibolini Societa di Navigazione, of Palermo, had claimed £250,000 for the damage and loss of hire suffered by the 27,587 grt Anna Bibolini as a result of the collision.

Vincent Shipping Corporation, owner of the Maritime Harmony, cross-claimed for $1m (£575,000) damages.

The judge, sitting with two Trinity Masters, said the collision had occurred just on the Belgian side of the border with the Netherlands. Both vessels had been under the direction of experienced Scheldt pilots.

Visibility had been about 700 yards. The Maritime Harmony had been on the correct side of the channel, though not as far to the starboard side as it might have been, and was travelling at about eight and a-half knots when the vessels sighted each other.

The Anna Bibolini had "crossed into the wrong water," said the judge. There had been a failure to keep it under proper control.

It was a serious fault to allow a ship to be on the wrong side of a narrow channel, particularly in poor visibility, and more especially when it was known that another ship was approaching less than a mile away, the judge said.

The Maritime Harmony's 25 per cent share of the blame resulted from unsafe speed, which, in the circumstances, should not have exceeded five knots, the judge said.

Robin Pauley on why the Environment Department's manpower successes may not be repeated

How Whitehall resists Heseltine's staff cuts system

RECENT speculation about possible Cabinet changes this summer have repeatedly mentioned Mr Michael Heseltine, Environment Secretary, as a candidate to succeed Mr John Nott as Defence Secretary if Mr Nott were moved or sacked.

The Falklands crisis has made it much more likely that the Conservative Party would now want a strongly pro-defence pro-military man in Mr Nott's place such as Mr George Younger rather than a minister increasingly identified as "very wet" such as Mr Heseltine.

So the fact that Mr Heseltine's name persistently recurs can have only one reason: his previous promise that wherever he was posted he would introduce his Management Information System for Ministers (MINIS) and cut manpower fast and furiously.

At Defence there are about 77 civil servants for every 100 military personnel. There are 334,700 military people and 255,800 civil servants. The civil servants are 10 per cent down on 1979 (285,900) and the military are 0.7 per cent up. It has long been a source of Whitehall amusement to contemplate Mr Heseltine taking on both the civil service machine and the chiefs of staff by opening fire on the MoD with MINIS.

Since taking office, Mr Heseltine has cut the staff at Environment from 50,412 to 38,956, a cut of 22.7 per cent with a further 6 per cent decrease forecast for 1982-83. However, a substantial number (about 8,000) are transfers of function to the private sector and that must be set against the claimed savings from the cuts of £87.6m a year in salaries at 1982-83 prices.

Nevertheless no government department has been so quickly and severely pruned and it has all been done with very few redundancies by using Mr Heseltine's structured Minis rather than an *ad hoc* cuts campaign.

Ministers and permanent secretaries in other departments have found an array of often unconvincing reasons for not adopting the scheme and they have been roundly attacked by the Treasury and Civil Service Select Committee which has urged them to adopt Minis or its equivalent without delay.

However, the mechanism for promoting managerial change in Whitehall may be less effective than many believe, according to Mr Andrew Likierman, lecturer at the London Business School and an adviser to the committee.

Mr Likierman has analysed MINIS in the summer edition of Public Administration. He concludes that the chances of widespread adoption of the system must be slight, bearing in mind the strength of opposition or mere indifference.

> ❛The management ethos must run right through our national life—public and private companies, civil service, nationalised industries, local government, the health service. By management ethos I mean the process of examining what we are doing, setting realistic targets, fitting them to the resources available and monitoring performance—and then, very important, telling people what the results are so that we can go back to the beginning of the loop and improve from there.❜
>
> Michael Heseltine, May 1980

Only a *major* central initiative would cause the widespread adoption of the system across a range of public sector bodies and government departments — if Mr Heseltine became prime minister, for example.

The MINIS system works by the collation of all details of staffing and organisation of each area of the department with information about costs, functions and resources with an assessment of past performance and proposals for the year ahead. Mr Heseltine can use it to conduct an annual review of all his department's work, allocate priorities, calculate the cost of services, check that tasks are being performed efficiently and that line managers are managing effectively, and monitor the manpower implications of policy decisions.

Mr Likierman refers to the Environment Department plans to change Minis, the third edition of which has just been published, into a full management accounting system known as the Joubert system by next year.

This is an extremely ambitious aim but if it works it will provide a two-way link with information from the management accounting system helping to provide more accurate costs for MINIS and the results of the MINIS process providing inputs into the budgeting process for all the department's administrative running costs.

MINIS may have already suffered from guilt by association with the expenditure-cutting policies of the present government, says Mr Likierman's report. The civil service unions feel MINIS has lost credibility for this reason and it is not unreasonable for officials to make this link at a time of saving money and cutting staff. But the system could be just as valuable when public expenditure is increasing.

Private sector practice shows the advantages of increased motivation and improved morale in the operation of well-run MINIS-type systems. This is because of a greater understanding of the tasks which need to be done and of the criteria on which staff will be judged.

Mr Likierman points out that although Mr Heseltine involved himself in the MINIs operation because of his interest and background in management he has now passed responsibility to officials through the Permanent Secretary

It is doubtful whether many politicians would want to become deeply involved — virtually all ministers summoned by the Prime Minister to hear a seminar on MINIs by Mr Heseltine were left completely bored and unmoved.

But as long as ministers give it policy backing it runs well enough at official level. A major hurdle for both ministers and officials to clear is their natural fear of publicity—MINIS provides the public with the facility to scrutinise every task in every sector of a department

Mr Likierman concludes that probably the most important single indication of the success of trying to introduce management into Whitehall will be whether the system survives in Environment after Mr Heseltine's eventual departure.

And although Mrs Thatcher is very keen she has so far not responded to the Select Committe's call for it to be almost forcibly introduced in all department.

If, against all the odds, Mr Heseltine were ever moved to Defence it would be the clearest possible sign that the Prime Minister wanted the department sorted out from top to bottom.

Philip Bassett examines the findings of the Megaw inquiry

New pay system urged for civil servants

THE GOVERNMENT'S inquiry recommends a new system for determining Civil Service pay. The recommended system considerably downgrades comparisons with outside pay by setting against them judgments by the Government on market forces and on management needs.

These "radical" changes are designed to bring the Civil Service pay system more into line with the procedures used in the private sector. The inquiry believes they are in line with at least the "broad objectives" set by both the Government and the Council of Civil Service Unions.

The Megaw inquiry rejects three "extreme" options—completely free collective bargaining, the imposition of pay settlements by the Government and the indexation of pay.

Instead, it suggests a system of "informed collective bargaining." Central to this would be the establishment of a new body, the Civil Service Pay Information Board (PIB), whose function would be much wider than that of the old Pay Research Unit Board, which oversaw the now abandoned comparability system.

The inquiry recommends that the board should have five members, including the chairman, appointed from outside the Civil Service by the Prime Minister. Their work would probably occupy one or two days a week, and they would be paid.

Their secretariat might be provided by the Government's Office of Manpower Economics, and their annual report should contain as much detail as possible about their work.

However, the main work of the PIB — the collection of data on outside pay and, crucially, its analysis — should be performed on behalf of the board by outside management consultants.

The inquiry believes that management consultants will have experience of how private sector companies determine pay. The availability of their normal data banks should reduce the amount of comparison work, and their tried and tested systems of job evaluation and comparison could probably be adopted for the Civil Service. The inquiry also claims that they would be seen to be impartial.

The board should conduct in every fourth year a full review of total Civil Service remuneration — pay, fringe benefits, pensions, job security and other factors.

This would act both as a cross-check and a form of counter balance to annual examinations of the trend of percentage movements in pay —rather than of specific pay rates, as under the old system —being awarded to similar groups of workers undertaking jobs of comparable weight.

If the four-yearly review revealed unexpected changes in Civil Service pay levels compared with those elsewhere, these should be resolved gradually. With this safeguard, the inquiry expects no injustices to be done.

In the longer term, it should be perfectly possible for the national interest to be protected and to avoid unfair discrimination against the Civil Service, says the inquiry.

The inquiry suggests a number of major changes in the method of pay comparisons, and in how those comparisons are used. It sees comparisons as an inevitable part of the pay process. Their use is not an alternative to a market approach to pay, but a part of that approach.

Comparisons offer at best only an approximate guide to the appropriate area in which to pitch pay. They act as an aid to judgment, not a substitute for it.

The report recommends altering the field of comparisons. The Priestly system compared with both public and private sector organisations. The Megaw inquiry believes the use of public sector organisations is open to the risk of circularity, because such organisations look closely at each other when determining pay.

THE MAJORITY report of the Megaw inquiry into Civil Service pay recommends far-reaching changes in the way the way of Britain's 530,000 white-collar civil servants is determined.

The 11-month inquiry, chaired by Sir John Megaw, makes 60 recommendations in its report, which will be published officially soon.

The inquiry builds on the report of the last examination of Civil Service pay, the 1955 Priestley Royal Commission, but it rejects its primary principle that Civil Service pay should be based on "fair comparisons."

"The governing principle for a Civil Service pay system should be to ensure that the Government as an employer pays civil servants enough to recruit, retain and motivate them to perform efficiently the duties required of them at an appropriate level of competence," it says.

This is to be put into practice by "informed collective bargaining" for all civil servants up to the grade of Assistant Secretary.

The new pay system aims to "encourage better management in the Civil Service; it should provide for genuine collective bargaining and for meeting civil servants' reasonable aspirations for fair treatment; it should provide as far as possible for the reconciliation of national, economic and financial considerations with the cost of the pay settlement; it should minimise the risk of conflict and industrial action; and it should command the confidence of the public."

The Government and the Council of Civil Service Unions should try to introduce the new system in time for an April 1983 settlement, says the report.

Sir John Megaw, the former judge, who headed the 11-month inquiry into Civil Service salaries

Accordingly, the report recommends restricting the comparators to the private sector —a more likely barometer of what the nation can afford, through their more direct experience of market pressures.

Similarly, the lower wages usually paid by smaller organisations should be taken into account in collective bargaining. To assist this, the PIB should periodically analyse pay by size of firm.

Secondly, having established the comparators under these guidelines, the pay data—both for the four-yearly study and for the annual pay trends review—should be used to pitch a Civil Service pay offer within a specified range of the total spread of pay levels and movements.

The Priestly system concentrated on establishing median pay rates based on outside information. The Megaw inquiry proposes a wider spread, by pitching the offer within an inter-quartile range—that is, between 25 per cent and 75 per cent of the full range.

Comparisons would be made not with a large range of Civil Service occupational groups, as under the pay research system, but with new pay bands, which would be created right across the Civil Service grade structure, encompassing similarly-graded jobs in different areas, such as administration, science and technology.

Benchmark jobs would be identified within these bands, and job evaluation—based on factor analysis, rther than whole job comparisons—would then be carried out on these jobs, and the resulting weighted rates applied throughout the band.

These job evaluations, together with an appeals machinery to the PIB, would also be used to sort out problems of internal relativities and grading.

While the inquiry recognises that the factors involved may diminish in importance, or new ones emerge, the main elements to be set against the comparisons to produce the new pay offer are:

● Market forces. Evidence on the recruitment and retention of staff both within and outside the Civil Service should be taken into account. The inquiry feels that this is regarded by all responsible employers as an aid to judgment on pay, and sees no reason for the Civil Service as an employer to disregard such evidence.

● Financial consequences. The funding and effect on public spending of a settlement.

● Fringe benefits. Full analysis would take place in the four-yearly review, but account should be taken of the value of such items as company cars in outside jobs.

● Pensions. On the thorny question of public sector index-linked pensions, the inquiry feels it was not within its remit to decide whether Civil Service pensions should no longer be inflation-proofed.

The inquiry believes that civil servants and the public should know exactly how much civil servants are contributing to their pensions. It feels that only if the true contribution rate is known will there be a proper indicator to show if the cost is becoming insupportable, and that therefore the whole legislative basis of the system ought to be changed.

Accordingly, though only if this can be achieved without any extra cost to public funds, the inquiry recommends that civil servants should contribute directly from their pay to cover the whole of the employee's share of the pension costs.

● Job security. The inquiry concludes that it is not practicable to put a precise figure on the value of Civil Service job security or to make a specific deduction on its account.

However, the inquiry still feels that account of job security should be taken in negotiations. It believes that in the Civil Service there can never be the same exposure to the risk that part or all the organisation will become insolvent or cease trading.

White-collar and manual unions clash over hours of work

BY JOHN LLOYD, LABOUR EDITOR

A BITTER row broke out yesterday between representatives of blue and white collar workers at the annual conference of the Confederation of Shipbuilding and Engineering Unions in Llandudno over hours of work.

While a finally divisive vote on strategy was avoided, the debate showed that manual and staff unions have fundamentally different interests in this area and are unlikely to find a common policy.

In spite of pleas to "avoid washing our dirty linen in public," and insistence on unity for next year's push to reduce hours worked in the engineering industry, the division was sharply underscored in many speeches.

Mr Roy Grantham, general secretary of the white collar union, Apex, argued that the strategy advanced by manual unions — that blue collar workers have their hours reduced at a faster rate than those of white collar workers in order to "catch up" with the latter's shorter working week—was misconceived.

"We don't want to use each other as negotiating objectives. We want to state common objectives for all our members."

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers' engineering section, said their aim should be to eradicate the division between white and blue collar.

Sir John Boyd, the AU general secretary, said it not the intention of the man unions that staff unions st still — but those who w further away from a goal h to run faster to get there the same time as those w were closer to it.

Mr Eric Winterbottom, g eral secretary of the wh collar engineering un AUEW Tass, said that "all experience in collective b gaining is that someone has be first."

The resolution, which cal for a restoration of the "w established convention t manual and staff hours conver towards a target of 35 hour was remitted by Mr Grantha This followed Sir John Boy pledge that the manual unio did not wish white coll workers to stay where th were until their manual c leagues caught up.

But, the issue surfaced aga in a subsequent debate British Rail, in which a motio calling for "the harmonisatio of conditions and benefits wit in the industry to eradicate forms of discrimination betwee white and blue collar" w opposed by Mr Bob McCuske assistant general secretary the Association of Scientifi Technical and Managerial Sta

The motion was passed ove whelmingly with ASTMS mem bers abstaining.

Date set for hospital dispute peace move

BY BRIAN GROOM, LABOUR STAFF

THE LATEST peace initiative in the ten-week-old National Health Service pay dispute will get underway next Tuesday — the day after TUC unions meet to consider stepping up support from workers outside the service.

Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service (Acas) will meet leaders of the TUC Health Services Committee at his London headquarters.

No early breakthrough is expected. The Government insists that its 6 to 7.5 per cent offer is final, while the TUC unions demand a settlement in line with their 12 per cent claim.

The TUC wants to apply pressure by intensifying its action, but it hopes that Mr Lowry will be able to draw the Government back into negotiations.

Monday's meting of general secretaries of all unions with NHS memberships may result in a stronger call to non-NHS members, including those in the private sector, to take action during the three-day strike on July 19-21. However, leaders of the Confederation of Shipbuilding and Engineering Unions appear lukewarm about the idea.

Mr John Mackay, Scottish Under-Secretary, told the Commons yesterday that hospital patients were suffering, and that union members in some hospitals were not providing the esential services required in their own code of practice.

The unions are to increase selective stoppages by key staff groups. The action committee of the Confederation of Health Service Employees meets today to draw up plans.

TUC unions will keep up pressure on the Royal College of Nursing not to accept the 7.5 per cent offer to nurses.

The RCN and other professional organisations will meet management on July 9, but the big TUC nursing unions are boycotting it.

Broad backing for market forces factor

THE GOVERNMENT'S determination to make Civil Service pay reflect more closely the impact of market forces and managerial requirements is broadly supported by the Megaw inquiry in a range of pay proposals.

The inquiry would like to see civil service collective bargaining reflect to a greater degree the range of factors present in private sector negotiations, such as the profit and loss position and the ability of the employer to pay, the way in which a settlement can be financed, evidence of improved productivity and efficiency, comparisons with standards of efficiency in other equivalent organisations, and the organisation's experience of the labour market and its future needs.

However, the inquiry rejects one of the Government's central proposals, based on market forces—differentiating civil service pay by region in order to reflect differing employment patterns more closely.

The committee feels there is insufficient evidence to provide a basis for determining regional pay boundaries, apart from the present London weighting.

The practical problems of establishing pay boundaries and administering staff movement between them would be great. The additional complexity would add significantly to the civil service pay bill. The advantages would not be sufficient to justify the problems and cost.

The inquiry recommended, however, that performance-related pay — linking pay directly to individual merit — should be introduced at all but the most senior levels of the Civil Service.

Civil servants receive increments which gradually move them up their pay scales. The inquiry feels that these increments are virtually automatic, and do not reward merit.

Accordingly the inquiry recommends that for grades below principal level, these incremental scales should be used to reward merit. A review of the system of annual reports on civil servants has been suggested.

The report also recommends a limited scheme for the award of non-pensionable performance related bonuses, to be introduced for staff consistently performing excellently.

A more radical change is suggested for grades from Principal to Under Secretary. This would create merit ranges, which would allow senior staff to move up the scales to a mid-point. Only those whose performance qualified them would rise above this. For the two top Merit pay should be related to job weight for the two grades in the service. No appeals mechanism beyond the normal reporting appeals is provided for in the inquiry's report.

The inquiry rejects productivity bargaining for the Civil Service, and payment for such issues as the introduction of new technology.

However, it recommends that "productivity and efficiency questions should take an important place in collective bargaining, to ensure that a sustained level of co-operation with productivity and efficiency is being achieved, and that civil servants have the opportunity to gain collective recognition for major improvements in efficiency."

It recommends close and systematic consultation between the Treasury and individual departments both before and during pay negotiations, to allow for greater managerial involvement. It moves some way towards the MoD, though, by suggesting a study of the feasibility of an experiment under which the MoD would take over the pay responsibility of a limited number of departmental grades.

Finally, on the Higher Civil Service, the committee recommends that while its pay should continue to be settled by the Top Salaries Review Body, it should be fixed on the same basis as the pay of the main grades.

Unilateral access to arbitration should end

UNILATERAL ACCESS to arbitration in the Civil Service should be abandoned, according to the inquiry. Its recommendations follow the Government's drive against arbitration procedures in the public sector.

The inquiry recommends renegotiating the Civil Service Arbitration Agreement. Access should only be at the request of either the Government or the unions, and either side can refuse to go.

There should be a strong presumption that arbitration should be used to avoid disagreements. Once a reference to arbitration has been agreed, though, it should be made clear that both sides are committed to accepting its outcome—though, for the Government, this is subject to the overriding authority of Parliament.

A new agreement should provide for non-binding mediation, and conciliation should be available on an ad-hoc basis if required. The arbitration tribunal should be staffed by the Advisory, Conciliation and Arbitration Service.

However, if arbitration cannot be used to resolve a dispute, or is unsuccessful, a dispute procedure should be invoked which would provide for a cooling-off period. No time limit is mentioned, but at one stage the committee considered 30 days.

The inquiry rejects the idea of no-strike agreements. It believes the Government can already legally insist on this, through dismissals, if it wishes.

It rejects such agreements either for key groups, which would be difficult to identify and difficult to maintain separately, and as a commitment by both sides in return for a pledge by a Government to honour a future pay system.

The inquiry feels that disputes can be avoided if a system for determining Civil Service pay can be found which is satisfactory to, or at least tolerable by, all interests.

It acknowledges its pay recommendations provide scope for disagreement, but it says disruption should be avoided in the normal course of events, because despite the 1981 strikes, industrial relations have been good, and the consequences of any repeat of those strikes would be "unfortunate."

The 21-week strikes over pay last year were the catalyst for the Megaw inquiry. The strikes were damaging to the Government, the unions and the country. The general public and the national economy were badly affected.

In particular, delays in the collection of revenue resulted in the need for extra borrowing — a long-lasting cost to the country. Many groups of the general public were put to considerable inconvenience but civil servants themselves did not relish the dispute.

Union finances suffered badly, and morale in the Service was low. The settlement was far lower than the unions had been aiming for. There were no winners in the dispute.

The team of inquiry

THE INQUIRY was chaired by Sir John Megaw, a former High Court judge.

The inquiry members signing the majority report were Lord Lever, former Labour Treasury Minister; Lady Seear, a member of the Top Salaries Review Body; Mr Bob Ramsay, president of the Institute of Personnel Management; Mr George Russell, director of Alcan and former member of the Pay Research Unit Board; Professor Christopher Foster, a director of Coopers and Lybrand; Mr Peter Thornton, former Permanent Secretary at the Department of Trade, and Mr James Ackers, chairman of Ackers-Jarrett.

The minority report was signed by Mr John Chalmers, former general secretary of the Amalgamated Society of Boilermakers.

Cash limits issue remains unresolved

RECONCILING CASH limits on public spending with the Government's responsibilities as an employer—acknowledged by the Government to be central to the inquiry's remit—is largely unresolved in the report.

The inquiry does not attempt to suggest any alterations to the basic framework of the system, whereby the Government in the autumn announces the planning factor for pay which it has decided to adopt to calculate cash limits for the following year.

The basis for this decision is the inquiry believes that the cash limit system can be operated in a way which keeps open various options should the cash limit pay provision not hold.

The inquiry recommends that the Government should, if possible, avoid making public explicit assumptions about the level of pay increases in the following year before the start of Civil Service pay negotiations.

But it also says that the Government should as far as possible, build into its cash limits "realistic" assumptions on pay.

Also, while it says that the Government should make it clear that the cash limit assumptions are meant to introduce financial discipline into the negotiations, this does not necessarily imply a rigid control of pay increases on the basis of the initial assumptions.

It argues that financial consequences of a Civil Service settlement should be properly considered in collective bargaining before a pay settlement is reached.

The inquiry's report notes that within total public expenditure of £110bn set for 1982-83, each 1 per cent increase in the Civil Service pay bill costs about £45m. The current pay bill for the Service is about £4.5bn. Public-sector pay as a whole comprises about one-third of current total public spending.

The inquiry's report suggests that in about early March, when the resu ltsofits ETETET S the results of its recommended comparison exercises are available—(the Civil Service settlement date is April 1)—both sides should debate ways of finding money to finance a settlement level different to the cash limit pay provision.

These options would include: cutting the number of Civil Service jobs; other staff-related spending cuts; finding savings or cutting spending in non-pay areas; or an increase in the cash limits laid before Parliament.

The inquiry recommends that the "uprating" system in the Civil Service be abandoned. This increased the rates shown due by the old comparability system in line with movements in the Retail Price Index. It says that while this system only operated on three occasions—1975, 1979 and 1980—it gave rise to considerable criticism.

The inquiry believes the problem of keeping outside comparisons contemporary can be tackled in a simpler and less inflationary way making the surveys of pay trend comparisons with organisations who have settlement dates in the first half of the pay round—between August and February.

"There is no case for an uprating formula if up-to-date information on pay movements is provided. Adjustments in respect of total remmeration studies are a matter for judgment, not arithmetic."

It says there should be provision in the new pay agreement for settlements to be made retrospectively—though only for up to three months—if both sides are unable to agree before the settlement date.

Minority report doubts stability of negotiating formula

STRONG ARGUMENT against many of the inquiry's main findings is presented in a minority report, which proposes a method of pay determination similar to that of the now-abandoned Pay Research system.

Mr John Chalmers argues that the majority report "will not, in my view, form the basis of an agreed and stable system of pay determination in the non-industrial Civil Service." It represents "a substantial reduction in the existing rights of the unions to bargain over pay and conditions."

It would therefore "deny ordinary civil servants a fair and just system for dealing with their pay."

The majority report refuses to identify the real reason for the breakdown of the Pay Research system — persistent and worsening breaches by successive governments of the National Pay Agreement, leading to the withdrawal from the agreement in 1981 and the strikes last year.

In the 25 years of its existence, the unions never once broke the agreement.

"The reward for past union co-operation and total observance of procedural agreements is a series of recommendations contained within the majority report which will have the effect, in my view, of strengthening the employers' position and weakening the unions' bargaining positions."

Mr Chalmers' report is particularly critical of the majority report over two main areas—cash limits and comparisons.

On cash limits, the minority report states that the operation of the cash limit system has given increasingly less scope for unfettered pay negotiations —and yet the majority report "does not seek alterations in substance to the practice of cash limits being predetermined."

Pre-set cash limits encourage both Government and unions to adopt rigid bargaining positions with a much higher risk of conflict. Sooner or later the cash limit will be breached, quite possibly at greater cost than might have been occurred by allowing more flexibility earlier.

On external comparisons, the minority report is critical of the analytical, or points rating scheme, of job evaluation proposed by the majority report. Mr Chalmers says: "My view is that the majority report proposal is fraught with potential difficulties that make its viability very doubtful."

Instead, the minority report proposes job-for-job comparisons, looking at different occupational groups. Mr Chalmers says: "I do not see how any system which does not allow for separate pay studies for different occupational groups can find much favour with the Treasury."

The Treasury argued in its evidence to this year's arbitration tribunal for finer distinctions between such groups, but "the majority report proposes to move in exactly the opposite direction, and to reduce the scope for pay distinctions on market grounds between staff of different disciplines and occupations.

A points rating system would take about three years to develop. "With increasing frustration among civil servants, the longer the time lapse until a new system becomes operative, the greater is the possibility of that frustration spilling over into renewed conflict between unions and government."

The report criticises the proposal to use management consultants. It denies they are impartial, saying: "In the normal run of their business, management consultants are not independent. They are professional advisers to company management."

Crucially, the PIB should be concerned only with fact-finding, not with interpretation and evaluation, which should be left to bargaining between the unions and the Government.

Mr Chalmers insists that total remuneration be examined annually rather than every four years. Technological change will put pressure on pay structures and require annual examination of internal job content.

The absence of total surveys can result in a rapid fall in relative total remuneration levels, partly because of a mismatch of percentage and total earnings increases, and partly because of relatively speedy outside increases in non-pay benefits.

So when a total remuneration review is undertaken, it could once again result in civil servants being due pay increases out of line with the general level of rises in the current pay round. "Such increases could also obviously conflict with the government pay policy of the time." This could only be solved through annual reviews.

The minority report is particularly critical of the majority report's decision to take no special action over the problem of low pay in the Civil Service. Pointing out that one-third of the service is on basic rates of £85 or less, Mr Chalmers says the Council of Civil Service Unions' suggestions for dealing with the issue that "these moderate and modest proposals are deserving of serious consideration."

The report states: "That no positive response has been forthcoming is a matter for some concern and regret. The proposals for a staged introduction of a minimum wage, at very modest cost, should have been endorsed."

The report calls for unilateral access to arbitration and a permanent appeals procedure for the new merit pay system. It criticises the cooling-off proposals, which are "nothing more than a ploy designed to allow employers time to prepare their defences and to weaken the union position."

Print staff back progress on merger with journalists

BY IVO DAWNAY, LABOUR STAFF

DELEGATES TO the National Graphical Association's biennial meeting in Eastbourne yesterday unanimously endorsed moves by officials to reach agreement with the National Union of Journalists on a merger of the two unions.

The level of support for the talks came as a welcome surprise to the NGA leadership, which had inticipated a more equivocal response from the conference.

Mr Tony Dubbins, assistant general secretary, who has been leading the discussions for the 120,000-strong craft print union, said he was "greatly reassured" by the acceptance of a progress report which included proposals for substantial changes in the NGA constitution.

But he warned the 450 delegates that agreement on merger terms was still a lonk way in the future.

"We do not yet have a package that the national council feel is satisfactory and will adequately protect NGA members' interests in the future," he said. "Further, I am not confident that it will be possible at the first, or even second attempt, to conclude an amalgamation between the NGA and NUJ successfully.

Mr Ken Ashton, NUJ general secretary, also welcomed the delegates' support

Shipbuilding strategy call

BY OUR LABOUR EDITOR

UNIONS IN the shipbuilding industry are pressing for a coordinated policy by Government towards the shipbuilding and shipping industries in order to secure orders from UK ship owners for UK yards.

Mr Jim Murray, the general secretary of the Amalgamated Society of Boilermakers, said he thought it an "appalling statement" from the Government that it saw no objection to the replacement for the Atlantic Conveyor—owned by Cunard and lost in the Falklands battle going to a Japanese yard.

Mr Jim McFall, an executive council member of the ASB, said that a "change in the system" was required to maintain the industries of shipping and shipbuilding.

Mr Murray, introducing a sombre report on the industry, said that prospects for next year were "not very great"—though he expressed confidence in the BS marketing team.

Fair pay 'under threat'

BY DAVID GOODHART, LABOUR STAFF

THE GOVERNMENT'S proposal to abolish the Fair Wages Resolution (FWR) is motivated by a desire to cut costs in the public sector through wage reductions rather than by greater efficiency, according to the Low Pay Unit.

The Fair Wages Resolution, first introduced by a Conservative Government in 1891, ensures that government contractors do not pay wage rates less favourable than those established by relevant collective agreements. Complaints are referred to the Central Arbitration Committee.

The Low Pay Unit claims that abolition would:

● Leave many of the poorest workers without protection from reduction of wages by unscrupulous employers in order to succeed in stiff competition for government contracts.

● Deprive low-paid workers of a way to resolve conflicts without recourse to industrial action.

● Undermine the position of responsibilite employers by encouraging competitive undercutting of wages.

UK NEWS — PARLIAMENT and POLITICS

Walker denies 'surrender of British interest'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

LABOUR'S Agriculture spokesman, Mr Norman Buchan, yesterday accused Mr Peter Walker, the Minister of Agriculture, of a "major surrender" of British interests in this week's talks in Brussels on the European Community's fisheries policy.

If Britain could not get a satisfactory settlement, Mr Buchan said, then the Government should take unilateral action and declare a 200-mile fishing limit.

Mr Walker rejected Mr Buchan's accusation and said that so far he had not agreed to any final arrangements. The Minister promised that the only common fisheries policy he would recommend to the Commons would be one which provided satisfactory quotas for British fishermen and a secure and expanding future for the industry.

Undeterred by these assurances, Mr Bruce Millan, Labour's Scottish spokesman, claimed that Mr Walker was frightened to give the House full details of the negotiations, because the truth was that they amounted to a "sell out."

Mr Walker rejected a demand from Mr Robert Maclennan, the Social Democrat spokesman, who said that if the Danes held up agreement Britain should do what the other EEC countries had done over agriculture, and proceed to a solution by majority vote.

Mr Walker told him that it would be totally against the interests of Britain to oppose majority voting on agriculture and then come out in favour of it for fishing.

Mr Kevin McNamara (Lab Hull Central) accused the Minister of trying to blackmail the fishing industry into accepting the fisheries agreement by making promises of an operating subsidy. He claimed Mr Walker had done nothing for deep water ports, such as Hull.

Angrily Mr Walker retorted: "I ask you to withdraw that remark. It is totally untrue that at any stage I have tried to bargain or blackmail operting subsidies in exchange for acceptance of the fisheries policy."

The Minister was reporting bac kto the Comomns on the EEC fisheries talk in Brussels on Tuesday when movement towards an agreement was held up by Danish opposition to is proposed share of the catch The European Commission later produced new compromise proposals but these are not expected to be considered until next month

New businesses 'sprout' in Enterprise Zones

BY IVOR OWEN

NEW BUSINESSES are beginning to sprout in Britain's 12 Enterprise Zones, Mr Tom King, Minister for Local Government, told the Commons last night.

He cited progress being made with a proposal to encourage firms to set up in the former BL factory at Speke on Merseyside as one of the "very encouraging signs of activity."

Mr King, speaking in a debate on Lords amendments to the Local Government Finance (No. 2) Bill, said it was possible that contracts would be exchanged for the purchase of the BL factory "shortly." The developer was proposing to split the factory into smaller units so that it could be brought back into effective use.

Mr King stressed that it was too early to make any detailed assessment of prospects for all the enterprise zones — the most recently established, the Isle of Dogs, opened in May.

But he promised that the ground had been prepared for careful research to establish the extent to which the zones — their attractions include freedom from rates for 10 years — led to the establishment of genuine new businesses or merely induced existing undertakings to transfer from adjacent areas.

Mr Ted Graham, a Labour spokesman on the environment, accused some landlords of exploiting the taxpayer by taking advantage of the concession on rates to increase the rents for factories and warehouses.

Mr King insisted that market forces would determine whether the rents were fixed at acceptable l evels.

Wets may revolt over cut in payments to jobless

BY OUR POLITICAL CORRESPONDENT

THE GOVERNMENT faces another rebellion by Conservative backbenchers next week over its refusal to make good the 5 per cent cut in the real value of unemployment pay when it is brought into the tax net.

Tory left-wingers, including Sir Ian Gilmour, the former Lord Privy Seal, have tabled an amendment to the Finance Bill which has been signed by 19 MPs. A number of parliamentary private secretaries have also written to the whips warning them that they would find it difficult to vote against the amendment.

On paper enough MPs support the amendment to make it difficult for the Government to be certain of defeating it. But there is doubt over whether the amendment will be called when the Finance Bill comes back to the floor of the House for its Report Stage next week. Moreover, some of the MPs most involved in lobbying over unemployment benefit admit their colleagues may not be in the mood to inflict a defeat on the Government.

The argument concerns the Government's plans for taxing unemployment benefit which come into effect today. The Government announced last year that it intended bringing the benefits into tax and said that, since it was impossible to implement the change immediately, it intended trimming the 1981 increase by 5 per cent instead. Ministers gave the impression then that when the benefit was brought into tax, the abatement would be made good. The point at issue is whether hey actually promised it in so many words.

Taxing benefits will bring about £650m to the exchequer. The change the back benchers want would cost about £60m, which the "wets" argue is very small by comparison. The Treasury, however, seems in no mood to climb down. The most Ministers seem prepared to do is promise to review the situation next year.

Owen presses for more action on union reform

BY OUR POLITICAL CORRESPONDENT

DR DAVID OWEN yesterday tried to regain the initiative over trade union reform for the Social Democrats in the light of remarks by the Prime Minister on Tuesday about the need for further legislation covering secret ballots.

At the same time Dr Owen was careful to reassure the party's potential supporters among trade unionists that the SDP would not necessarily favour legislation to make ballots compulsory before every strike. He appeared to be advocating some trigger mechanism which union members opposed to industrial action could invoke to ensure that their views were properly heard.

Mrs Thatcher, he said, had promised a third Bill dealing with trade unions before the next election but why was she waiting. If the Government agreed with the need to improve democratic procedures in unions why did she reject the SDP's amendment to the Employment Bill now going through Parliament.

Mrs Thatcher's remarks were made in response to a question from Dr Owen about secret ballots. The Social Democrats are committed to introducing them for internal trade union elections. Some Tories are concerned that the SDP may be stealing Tory clothes over union reform.

Dr Owen said yesterday, "We do not need to rush into compulsory strike ballot or to give the power to the Secretary of State for Employment to order a strike ballot." A more realistic reform would be to make it possible for a significant section of opinion within a trade union, which did not wish to strike, to have a mechanism at its disposal whereby it could invoke a secret ballot.

● Mr Norman Tebbit, the Employment Secretary, yesterday damped down speculation that the Government was considering swift legislation to introduce compulsory secret ballots of union members before strikes were started. In a BBC interview Mr Tebbit said that when she replied to Dr Owen, Mrs Thatcher was speaking more about elections for union officers than about pre-strike ballots.

Britain puts embargo on arms sales to Israel

By Our Parliamentary Correspondent

BRITAIN HAS imposed an embargo on the sale of arms and military equipment to Israel because of its refusal to withdraw Israeli troops from Lebanon.

The decision was announced in the Lords yesterday by Lord Belstead, Minister of State at the Foreign Office, when he answered the question of what sanctions Britain and its partners in the European Community were imposing on Israel over the invasion of the Lebanon.

"The Government has decided that approval for the licensing for export of British military equipment will be withdrawn until further notice," he told the House.

He said this was in line with the decision taken by the ten EEC governments in Brussels on Tuesday not to supply military equipment to Israel.

It was clear during sharp exchanges across the chamber that there was a wide division of opinion among peers over the Israeli invasion.

Lord Chelwood (Con.) called for a revision of the Community's trade agreement with Israel and the introduction of trade sanctions in addition to an arms embargo.

He wanted an end to all trade preferences for Israel and the termination of credit while it troops still occupied Lebanon.

But Lord Mishcon (Lab.) protested at the tone of Lord Chelwood's remarks. He said one-sided questions and debates on Lebanon did not help in the present difficult situation.

Lord Mayhew (Lib.) asked if there was any reason to believe that consultation and exhortation would have any effect on people such as Mr Menahem Begin, the Israeli Prime Minister, and Mr Ariel Sharon, the Defence Minister.

Lord Belstead said the Government hoped the mission of Mr Philip Habib, President Reagan's envoy in Lebanon, would be a success and would bring a durable peace with the withdrawal of all forces as a first step.

Williams seeks SDP presidency

By Our Political Correspondent

MRS SHIRLEY WILLIAMS yesterday confirmed her intention of standing for the presidency of the Social Democratic Party once the leadership contest between Dr David Owen and Mr Roy Jenkins is over.

Her announcement follows reports earlier this week that Mr Bill Rodgers, the fourth member of the SDP's collective leadership, had decided to stand for the job which once seemed tailormade for Mrs Williams.

When the SDP was founded Mrs Williams was regarded as the most popular member of the Gang of Four with the electorate and she goes into the presidential contest as clear favourite. Mr Rodger's chances may be improved if Mr Jenkins emerges as winner of the leadership contest tomorrow because Mr Rodgers has backed him throughout.

Mrs Williams is a leading supporter of Dr Owen.

Unwritten rules preventing direct personal attacks will apply in the presidential campaign, as in the leadership contest, but the two candidates may be less inhibited about appearing on the same platform.

If Mr Rodgers is going to have any chance of undermining Mrs Williams' support, he will have to find some way of contrasting his track record as an organiser with Mrs Williams's lack of proven organisation ability.

Right moves to bar Pat Wall

By John Lloyd

RIGHT-WING members of Labour's national executive are to demand that Mr Pat Wall, the newly renominated candidate for Bradford North, be denied official backing for his candidature because of his allegiance to the Militant Tendency.

The right-wingers, who believe they will be supported by "soft left" NEC members giving them a majority, will also demand that the ban includes other Militant-supporting parliamentary candidates.

Already, the NEC faces a challenge over the candidature of Mr Peter Tatchell. Bermondsey Constituency Labour Party has confirmed its choice of Mr Tatchell despite the NEC's refusal to confirm him.

The Amalgamated Union of Engineering Workers is now certain to withdraw its sponsorship for the Bradford North constituency party, as it threatened earlier. It will transfer its contribution from the constituency to the present MP, Mr Ben Ford, whom Mr Wall beat in the re-selection contest.

DECLINE IN CLASS CONSCIOUSNESS

Labour's difficulties go far beyond Militant

BY PETER RIDDELL, POLITICAL EDITOR

LABOUR'S problems are far deeper than whether or not to expel the Militant Tendency and the longer term weaknesses of the party's position are highlighted in a new collection of essays, edited by Professor Dennis Kavanagh, of Nottingham University. They were completed during the 1980-81 winter, before the formation of the Social Democratic Party.

There are two main themes: decline in the party's electoral support and tension between the party's constitution and its aspirations to be a party of Government.

Prof Ivor Crewe of Essex University, director of the British Election Study, provides the most devastating evidence. His starting point is that in the 1979 election Labour gained 36.9 per cent of the votes cast, its lowest share for nearly 50 years. He specifies a number of factors:

● The heaviest swing against Labour in the 1970s occurred among manual, rather than non-manual, workers, especially among the younger generation and skilled workers. This was reflected in the 1979 results in the new towns in the Lancashire and Yorkshire coalfields, and in the car worker suburbs.

● While there has been a gradual decline in the overall electorate's identification with Labour, down from 43 to 38 per cent, between 1964 and 1979, the percentage of Labour partisans with a very strong identification dropped from 45 to 27 per cent over the period. This distancing from Labour also suggests that there is an increased probability of Labour partisanship continuing to weaken. The dying out of staunchly loyal, older Labour supporters is now less likely than in the past to be balanced out by a stiffening of attachment among the younger generation.

● A reduction in the share of manual workers in the total population has occurred, down from 63 to 56 per cent between 1964 and 1979. This has been compounded by the reduced willingness of manual workers to identify with Labour.

● Manual workers' sense of class consciousness has declined, with less than two fifths calling themselves working class by 1979, admittedly slightly higher than in the earlier 1970s.

● Manual workers and Labour identifiers still regard the party as that of the "worker" and of the "trade unionists".

● Actual and potential Labour voters are indifferent and sometimes actively hostile to many aspects of the party's policy and in favour, sometimes enthusiastically of certain aspects of Conservative policy. On six out of eight contentious issues at the 1979 election — unemployment, industrial relations, wages, nationalisation, social services, race relations, taxes and the European Community — the Tories were more representative than Labour of the views of the electorate and also of the working class.

Prof Crewe's conclusion is that the strength of Labour's class and psychological ties has been dissolving. "Unlike the Conservatives its basic, traditional principles run against the popular grain. In opposition this ideological disadvantage might be compensated for by the temporary unpopularity of a Conservative administration. But when in government the Labour Party enters the electoral arena without the protective clothing of ideological sympathy among its traditional supporters."

Moreover, as Mr Paul Whiteley of Bristol University shows, there has also been a change within the party. The drop in overall party membership has meant a larger proportion coming from the middle class who have much greater ideological motivation than working class activists.

Looking at the Commons, Prof. Hugh Berrington of Newcastle University points to the change in factional balance within the Parliamentary Labour Party with the left gaining disproportionately in victorious years with some losses, though less than expected, in years of defeat. He concludes that the left is well entrenched among MPs with left-wing replacements for retiring right-wing MPs.

The other main theme of the essays is the increasing conflict between the desire for power and influence of activists at the party conference and the pressures on the party in government. This is reflected particularly in recent constitutional changes reducing the authority of the parliamentary party and a Labour Government in relation to the annual conference and the national executive committee.

Prof. Kavanagh points out that recent reforms concern power relationships within the organisation and are limited and flawed since they ignore other aspects of democracy such as members in the country, territorial representation and equal weighting of individual votes.

The essays leave the impression that whatever happens over Militant, Labour still has a long way to go to re-establish itself as the party of government which Harold Wilson aspired to create during the 1960s.

The Politics of the Labour Party, edited by Prof Dennis Kavanagh, George Allen and Unwin, £4.95 paperback.

Electricity profit target reduced

THE GOVERNMENT is to reduce its profit targets for the electricity supply industry to reflect the cost of concessions on charges for large industrial users, Mr Nigel Lawson, the Energy Secretary, announced yesterday.

In a Commons written reply, he said the industry's financial target, defined as average return on net assets over the three years to next April, would be lowered from 1.8 per cent to 1.7 per cent.

In cash terms that means a drop of between £90m and £100m.

Tory call for more spending on defence

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE CONSERVATIVE back bench defence committee has put down its first public marker in what is likely to be a long and difficult struggle over defence expenditure this year.

The six officers of the committee have put down an Early Day Motion calling for a "significant increase in defence expenditure in real terms over and above the cost of the Falkland islands expedition and garrison, so as adequately to fulfil the United Kingdom's defence commitment within the North Atlantic Treaty Organisation and worldwide.

The motion signed by 50 Tory MPs is aimed at strengthening the arm of Mr John Nott, the Defence Secretary, in his negotiations with the Treasury.

It is not as tough as some officers of the committee would have liked. They would have preferred to make clear that the 3 per cent Nato target for increasing defence spending was no longer adequate in the light of the Falklands operation, and to have replaced it with a 4 per cent target. But they seem to have decided that they would get more support for the motion if they did not include a controversial figure.

Mr Nott's tactic during the next public expenditure round, looks like being to harness to his own advantage back bench dissatisfaction about the proposed cuts in spending on conventional arms. When he addressed Conservative MPs last week at a private meeting of the defence committee, he told them that there was no way that all the various defence lobbies within the Tory party could get all they wanted unless there was an increase in the 3 per cent growth target.

Tory MPs interested in defence are likely to use today's debate on the defence white paper to make the same point about the need for increased spending. But the debate may also expose differences within the party about priorities.

BUSINESS LAW

A half-way rule of reason

BY A. H. HERMANN, Legal Correspondent

LAST WEEK, Dublin extended its warm hospitality to the 10th International Congress of FIDE, the International Federation for European Law. The working language of these meetings of judges, Commission officials, academics and legal practitioners, is a sort of Community Chinese which, to an outsider, is almost impossible to understand. But this year's meeting revealed an incipient tendency to plain speaking, particularly by the members of the European Court.

The reports presented by academics were as technical as always, but a restrained criticism of the court's doctrines made its appearance where, in the past, reverent extrapolation of its pronouncements reigned supreme.

However, the views exchanged during the coffee breaks are often more interesting, and always easier to understand, than the presentations in the conference. This time, with the coffee I imbibed admonishments that a consistently critical treatment of the administration of EEC law, in the only European newspaper which gives it systematic and analytical attention, might damage the public image of the Community. The conclusions of the EEC Commission and the European Court, I was told, are often unavoidable products of internal problems and difficulties, so that a critical appraisal, taking into account only the result, does not do justice to the two institutions.

This is, of course, entirely true. To know all is to forgive all. The task of law reporting and commentary, however, is not so much to explain the mental processes and constraints of those making the rulings as the likely effect their decisions will have in the real world—in this case, in the world of trade, industry and agriculture. Unfortunately, although the main theme of the conference was the elimination of non-tariff barriers, with particular reference to industrial property rights, the economic effects of the rulings were not mentioned by a single speaker.

Most of the discussion revolved around Article 30 of the EEC Treaty, which prohibits measures equivalent to quantitative restrictions of trade and of Article 36, which provides for certain exemptions from this prohibition in favour of measures dictated by public policy, health and protection of intellectual property rights, such as patents, trademarks and copyright.

Court approves exclusive licensing but protects parallel imports even if detrimental to competition

Speaker after speaker sought a reconciliation between the European Court's interpretation of Article 30, on the one hand, and Article 36 on the other—particularly between the court's willingness to read into Article 30 exceptions for a reasonable protection of consumers and fiscal interests and against unfair competition and its strict and narrow interpretation of the exemption granted by Article 36 for the industrial property rights, which the court's jurisdiction rendered quite ineffective as a means of protecting national markets.

The coffee break talk indicated that, in comparison with some of the more doctrinaire pronouncements of the Commission, the judges of the European Court are aware of the need to pay greater attention to the realities of business. Indeed, certain recent judgments bring down to earth earlier, sweeping federalist rulings. Thus the court said*, in 1974, that under the prohibition of Article 30 fall "all commercial regulations by member states likely to affect inter-state trade directly or indirectly, actually or potentially", but in 1980 added† that the prohibition does not apply to such regulations which are imperative for the protection of the public health and consumers and avoidance of unfair competition — always provided that such measures do not discriminate between domestic and imported products.

While recognising the supremacy of the principle of free circulation of goods, the court applied to Article 30 the rule of reason. Academics expected that the same treatment would benefit Article 36 and that protection of consumers, of the environment, and of fair trading practices would be added to the exemptions provided for intellectual property rights in Article 36. However, the court disappointed them and held last year in *Irish Souvenirs* (130/80) that none of these considerations could serve as an exemption from the prohibition of non-tariff barriers. This judgment perplexed many people, particularly as protection against unfair competition, such as by a passing-off action, often amounts to the same as trademark rights.

The trouble with the European Court is that its judgments are often the result of a compromise of the sort which allows part of the traffic to keep to the right while the rest keeps to the left. There can be no better illustration of this than the maize seed judgment‡ handed down last month in an affair which rumbled through the corridors of the Community for 14 years.

The background was reported in this column on March 18. A German seed producer, who enjoyed protection against parallel imports under an exclusive licence obtained from a French agricultural institute, was found guilty by the Commission of infringing EEC rules of competition. He appealed to the court. France, Germany, and the UK intervened in the appeal proceedings in his favour. They argued that without such protection, a producer would never embark upon the lengthy and costly operation of reproducing hybrid seed from specially developed varieties. The protection was also linked to governmental supervision of seed quality. The Advocate General, Mme Simone Rozes, agreed and proposed that the appeal should be allowed.

The court held that the Commission was wrong in condemning an open, exclusive, licence, but it closed its mind to such considerations of business reality when dealing with parallel imports, and rejected the appeal against the Commission on that point. It made clear that anyone stopping parallel imports must be prosecuted, even if such enforcement of rules made the emergence of new competitors impossible. It also chose not to take into account competition by maize seeds of other brands—thus creating a dangerous presumption that each branded product forms a separate market. The court may be flirting with the rule of reason, but did not yet embrace the concept of a reasonable, effective competition policy.

* European Court, Luxembourg, Case 8/74 Dassonville; † Luxembourg, Case 788/79, Gill. ‡ 258/78 Nungesser.

RACING

BY DOMINIC WIGAN

AMBIANCE, which might well have troubled the principals in the King George V Handicap at Royal Ascot, but for using a considerable amount of energy pulling hard for most of the way, may be the one to back in the Cumberland Plate at Carlisle today.

The Michael Jarvis three-year-old has only six rivals to beat. Provided that Jarvis's able jockey, Bruce Raymond, is able to settle the horse behind a rival or two early on, the youngest member of the field should oblige.

Until that setback at Ascot, Ambiance had been developing rapidly into a more than useful handicapper. The conqueror by a head of the odds-on Lyphard's Pride at Brighton, towards the end of April, Ambiance then won at Newbury and Kempton. After being responsible for the defeat of a heavily backed favourite, when it beat Cashel Prince on the Berkshire course, Ambiance was market leader at Kempton where it ran on far too strongly for Hintonado.

If Ambiance returns to the form in which it gave 8 lbs to Hintonado on the Sunbury Diaward looks a possible answer.

Steve Norton, whose much-improved three-year-old Asserter was a surprising absentee at the final declaration for the Cumberland Plate, trains an above-average juvenile in Swinging course, the grey son of Three Legs is unlikely to be beaten. For forecast purposes, Miss Cowboy.

Backed down to 11-8 for the 13-runner Long Town Stakes, Swinging Cowboy, a good-looking sort, needed only to be pushed out by John Lowe to seal matters in the final furlong.

At the other meeting today at Brighton, where the Courage Brighton Challenge Cup is the featured event, Fuddled looks the one to support in the 1¼-mile Fitzherbert Handicap.

BRIGHTON
1.45—Walton Heath*
2.45—Socks Up
3.15—Fuddled***
4.15—Charade

CARLISLE
2.30—Swinging Cowboy**
3.30—Ambiance
4.00—Jackinto Times

TELEVISION

Tonight's Choice

Once again the schedules are at the mercy of events in Spain: only BBC 2 is likely to go ahead as planned with 4 for Texas, a comedy Western, which with Anita Ekberg and Ursula Andress matching up against Frank Sinatra and Dean Martin, has all the makings of a monumental period-piece. It is followed by Brass Tacks which investigates racial discrimination at work.

Sometime on BBC 1 Oppenheimer continues, but Top of the Pops and Fame wait on the World Cup. If Top of the Pops happens it will be introduced by John Peel who always seems like an uncle called upon to superintend a particularly rowdy childrens' party. But his well controlled enthusiasm is a good foil to the frenzy.

If we are lucky we may see a real comedy classic on ITV, an episode from Rising Damp which proves once again that it is acting and characterisation as much as script which ensures greatness. Leonard Rossiter and Frances de la Tour are superbly matched. Pick of the radio is a short dosage of the Creevy Papers on Radio 4. This early 19th century gossip is a key source of information and misinformation on his period. What about a series on famous diarists?

ANTONY THORNCROFT

BBC 1

1.00 pm News After Noon. 1.27 Regional News for England (except London). 1.30 Choc-a-Block. 1.45 Interval. 1.50 Wimbledon '82: Semi-finals of the Ladies' Singles. 3.38 Regional News for England (except London). 3.40 Play School. 4.05 Wimbledon '82.

5.40 News; Weather.
6.00 Regional News Magazines.
6.17 Nationwide.
6.35 Wimbledon '82: Highlights of the day's action.
7.10 Top of the Pops with John Peel.
7.40 World Cup Grandstand: Live coverage from the Nou Camp Stadium, Barcelona, of the second match in Group A, including News Headlines at half-time.
9.55 Main News; Weatherman.
10.20 Oppenheimer (series).
11.23 News Headlines.
11.25 Max Boyce in Concert at the Royal Court Theatre, Liverpool.
12.00-12.05 am Holiday Weatherman.

BBC 2

10.30 am Play School.
10.55 Closedown.
3.30 pm Wimbledon '82:
5.05 Newsround.
5.10 Think Again:
5.35 Wimbledon '82.
7.35 News Summary.
7.40 "4 For Texas" (film 1963), starring Frank Sinatra, Dean Martin, Anita Ekberg.
9.30 Brass Tacks Reports: It Went Yesterday
10.10 Wimbledon '82: Match of the Day.
10.55-11.45 Newsnight.

LONDON

9.30 am Barney Google Snuffy Smith. 9.40 Wildern Alive. 10.30 History of Grand Prix. 11.00 A Big Coun 11.30 Paint Along With Nar 12.00 Gammon and Spinach. 1: pm Get Up and Go! 12.30 Sullivans. 1.00 News. Thames News. 1.30 Emmerd Farm. 2.00 The Great Ameri Traffic Jam. 3.45 World Cup
6.15 News.
6.30 Thames News.
7.00 Crossroads.
7.30 "The Hindenburg," st ring George C. Scott a Anne Bancroft.
9.30 Best of British: Risi Damp.
10.00 News, followed by Than News Headlines.
10.30 TV Eye.
11.00 World Cup '82 highligh
11.40 Hill Street Blues:
12.35 am What the Papers Sa
12.50 Close: Sit Up and List with Tim Beaumont.

Because of World Cup covera programmes may be subject alteration.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

9.30 am Sesame Street. 10.30 Cities. 11.20 No Man an Island. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 6.30 About Anglia. 10.00 News at Ten, followed by Anglia Late News and Weather Forecast. 11.40 Lou Grant. 12.35 am The Goat Boy's Discovery.

BORDER

9.30 am European Folk Tales. 9.40 A Place to Live. 9.55 Joe 90. 10.20 Young Ramsay. 11.05 321 Contact. 11.30 The Extraordinary People Show. 1.20 pm Border News. 6.30 Lookaround Thursday. 10.00 News and Border Weather. 11.40 Border News Summary.

CENTRAL

9.45 am Make Mine Music. 10.10 Bygones. 10.35 Superstar Profile: Sally Field. 11.00 Nature of Things: Thoroughbred. 12.30 pm The Young Doctors. 1.20 Central News. 6.30 Central News. 11.00 World Cup '82. 11.40 Central News. 11.45 The Shadows In Concert.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Beyond West World. 11.30 Al Oeming Man of the North. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm North News. 6.30 North Tonight and Area Weather Forecast. 6.55 Police News. 10.00 News, followed by Reflections. 11.40 The Gangster Chronicles. 12.30 am North Headlines and Area Weather Forecast.

GRANADA

9.30 am European Folk Tales. 9.40 A Place To Live. 9.55 Joe 90. 10.20 Young Ramsay. 11.00 3-2-1 Contact. 11.30 The Extraordinary People Show. 1.20 pm Granada Reports. 6.30 Granada Reports. 12.00 Late Night From Two.

HTV

9.40 am Kum Kum. 10.00 Cartoons. 10.10 Our Incredible World. 10.35 Sesame Street. 11.35 Sport Billy. 1.20 pm HTV News. 6.30 HTV News. 10.28 HTV News. 11.40 Lou Grant. 12.55 am Weather.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Annest. 6.30 Y Dydd. 6.45 Report Wales. 12.40 am Weather.

SCOTTISH

10.00 am In Search Of. 10.25 Crazy World of Sports. 10.50 The New Fred and Barney Show. 11.15 Young Ramsay. 1.20 pm Scottish News. 6.30 Scotland Today, followed by Bodyline. 10.00 News and Scottish News Headlines. 11.40 Late Call. 11.45 Barney Miller.

TSW

9.30 am Sesame Street. 10.30 Film: "The History Of Mr Polly." 12.27 pm Gus Honeybun's Magic Birthdays. 1.20 TSW News Headlines. 6.30 Today South-West. 10.32 TSW Late News. 11.40 Mannix. 12.35 am Postscript. 12.40 South-West Weather and Shipping Forecast.

TVS

9.30 am Alphabet: The Story Writing. 10.25 "Convict 99" 11. Cartoon Time. 1.20 pm TVS New 6.30 Coast to Coast. 10.00 News ar TVS News 11.40 Quincy. 12.35 a Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Alphabet—the Stor of Writing. 9.55 Morning Movie. 11.5 Larry the Lamb. 1.20 pm North-Eas News and Lookaround. 6.30 Norther Life. 10.30 North-East News 11.4 Check It Out. 12.10 am Job Slot Extra 12.15 Yes to God.

YORKSHIRE

9.30 am Sesame Street. 10.3 "Convict 99" (film). 11.55 The Under sea Adventures of Captain Nemo 1.2 pm Calendar News. 6.30 Calenda 11.40 Late Night Drama.

(S) Stereo broadcast (when broadcast on VHF)

RADIO

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis, including 12.30 pm Newsbeat. 2.00 Paul Burnett. 4.30 Peter Powell, including 5.30 Newsbeat. 7.00 Walters' Weekly. 8.00 David Jensen. 10.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S), including 1.45 pm Sports Desk. 2.00 Wimbledon '82. 7.00 John Dunn (S), including 7.30 Cricket Desk (continued from VHF). 8.00 Country Club (S). 9.00 Alan Dell with Big Band Sound (S). 10.00 The Impressionists: quiz game. 10.30 Star Sound Extra. 11.00 Brian Matthew. 1.00 am Encore: Listen to the Band, The Organist Entertains. 2.00-5.00 You and the Night and the Music with Chris Aldred (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composer (S). 10.00 Mozart and Schubert Piano Music (S). 11.00 The English Concert (S). 11.30 Bournemouth Symphony Orchestra (S). 1.00 pm News. 1.05 Manchester Summer Recital (S). 2.00 Belshazzar (S). 4.25 Medtner (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Bandstand (S). 7.00 The Party: A short story by Anton Chekov. 7.15 Music for Strings (S). 8.00 "Wedding Belles" and "Green Grasses": Play by Marcella Evaristi (S). 9.30 Joachim Raff piano recital: Raff, Raff transcr. Liszt (S). 10.15 Miss Dorcas: A short story by James Berry. 10.30 Music In Our Time: Gyorgy Ligeti (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.33 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 A Moveable Feast. 9.30 The Living World: Magazine edition. 10.00 News. 10.02 European Journey. 10.30 Daily Service. 10.45 Morning Story: "Everything's Different This Year" by Nora Windridge. 11.00 News; Travel. 11.03 Utopia (S). 11.48 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S). 12.55 Weather; Travel; Programme news. 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre: "Street Taste" by Nick Fisher. 4.00 News. 4.02 Aspects of India. 4.10 Bookshelf. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme news. 6.00 News, including Financial Report. 6.30 Any Answers? 6.54 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Kaleidoscope. 7.50 Concert Prelude (S). 8.00 Brahms (S). 9.05 Creevey, Prinney and Little Vic. 9.25 Concert, part 2: Brahms (S). 10.08 Weather. 10.10 The World Tonight: News. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News; Weather. 12.15-12.23 am Shipping Forecast; Inshore Waters Forecast.

TECHNOLOGY

EDITED BY ALAN CANE

Spin hardening for tricky gear making

ALAN CANE looks at a technique pioneered in West Germany but now catching on in the UK and U.S. for spin hardening gears.

THEY spin-harden gears in Bolton, the only place in the UK to offer this new technology on a contract basis. Giddings, Lewis and Frazer Baker Perkins and Underground Mining Machinery all have ship-hardening machinery, but it seems that only Babcock Gears of Bolton is spreading the word in the marketplace.

The technique, pioneered by Peddinghaus of Gevelsberg, Westphalia, in West Germany is well known in Europe but only just catching on in the UK and the U.S.

Gears are tricky and expensive to manufacture. The teeth must be hard to give good wear.

The steel used must be capable of being hardened to the correct degree but must be soft enough to machine easily for bore grinding, keywaying and teeth grinding operations.

The only real justification for introducing a new process to the gear-making is equivalent or better performance at lower cost.

Mr. Eric Cheetham of Babcock Gears believes he can offer both. He claims that spin-hardening gears cut from EN19 steel, an easily machined steel that works out some 20 per cent cheaper than carburising steels such as EN36 or EN39, can result in savings of up to 25 per cent—and more than 50 per cent in some instances.

So what is spin-hardening and how does it compare with traditional methods of hardening steel? The recognised manufacturing process for hardened and ground gears involves rough turning and rough hobbing the blank before the carburising process — which involves, in crude terms, soaking the steel in charcoal, heating it up and dousing it in a bucket of water.

Other processes are available these days such as ion nitriding or ion carburising—which means implanting ions of carbon or nitrogen into the metal surface in a furnace (Tube Investments has made great strides in this technique).

Mr Cheetham, however, claims cheapness and simplicity for the Peddinghaus process.

The carburised rough cut gear is then finished turned, hardened and quenched before the end work, bore work and the final grinding.

According to Mr Cheetham: "The difficulties of maintaining consistent quality are well known. Dangers exist from surface cracks due to the harden and quench operation; invariably significant distortion occurs which gives rise to a long and costly gear grinding stock removal operation."

Spin-hardening, on the other hand, uses lower priced steels and results in little or no distortion.

The process involves a large trough of oil in the centre of which is a turntable to which is mounted the gear — already machined with the exception of bore grinding, keywaying and teeth grinding.

The turntable spins at about 30 revolutions a minute. It is so articulated that it can plunge the wheel below the oil surface.

At the corners of the trough are mounted gas burners—up to 24 in total, although Mr Cheetham says, the most Babcock has ever had to use is 16. The gas—conventional North Sea gas—is compressed and mixed with liquid oxygen to produce a high pressure, very intense flame.

Key to the whole process is the milliscope, a very sensitive optical pyrometer mounted above above the assembly.

Maintained

Spin-hardening goes through three stages, a heating cycle, a soaking cycle above minimum hardening temperature but below a temperature at which the grain structure of the steel is distorted and the quench cycle when the gear is plunged into the oil.

The gear is maintained in the very narrow correct temperature band by the milliscope which turns the liquid oxygen on and off to regulate the temperature of the gas flame.

Encouraging

What do gear users think of it? The National Coal Board Research and Development Establishment has tested and proved the technology and has now accepted spin hardening as an alternative specification for its gears.

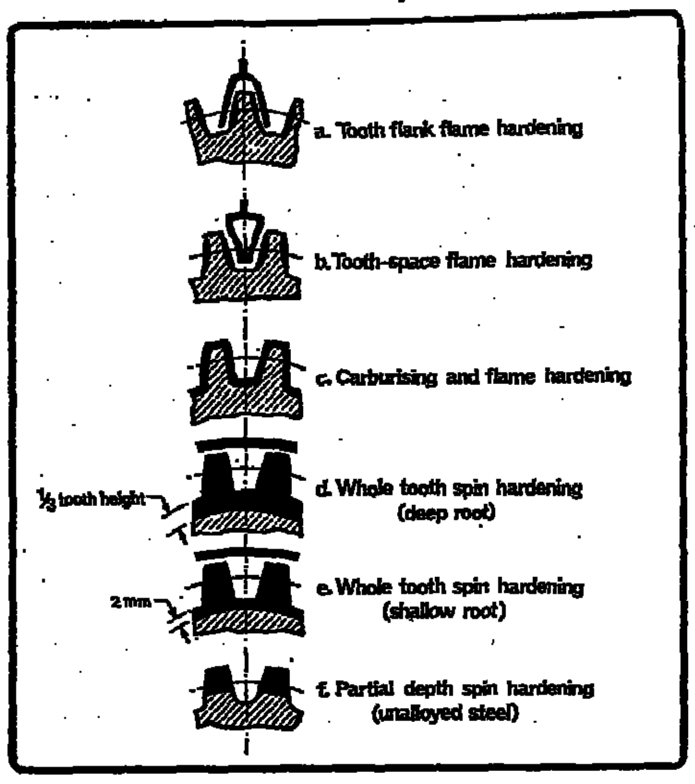
Its tester concluded: "The tests undertaken on the second and third reduction gear sets of an NCB specification No 519 gearbox have shown that spin hardened gears are as reliable as standard carburised gears, even when tested to the gearbox maximum duty of 150 kw."

The report went on to say the results were so encouraging that additional tests should be carried out on hobbed gears, heat treated by the same method to eliminate expensive gear grinding operations.

Babcock originally moved into gear grinding because of its interest in wire drawing machinery—basically large gear boxes.

With the industrial recession it looked for ways of exploiting its considerable skills in gears and settled on a small Manchester company, Buffoline Gears, users of the Peddinghaus process.

Now, Mr Cheetham is talking to a host of British companies and looking to Europe, the U.S. and Saudi Arabia for more sales. Babcock Gears is on 0204 23344.



Halving energy costs

KEY MARKETS, the supermarket group, has halved its energy costs in some of its stores by installing heat pumps. So successful has been the experiment with this form of heating, that Key Markets intends to instal further systems as it opens new premises.

So far a total of 135 heat pumps have been installed in 19 of the company's 105 stores. Key Markets was one of the first companies to switch from gas heating to pumps in 1979.

A comparison between the two forms of heating was made at 16 stores—half of which used gas heating. In four stores the heat pumps were used to recover the warm air generated by refrigeration cabinets. The heat pumps raised the temperature of the air from 50 deg F to about 100 deg F to heat the stores.

The remaining four stores under test used the heat pumps to extract heat from the latent warmth in the atmosphere.

The company found that the average heating and air conditioning energy costs over a year was £14,076 for gas heated stores compared with about £6,615 for heat pumps linked to the heat recovery system, and £7,319 for stores simply using the latent heat of the atmosphere.

It was also found that installation costs for heat pump systems were cheaper by at least £40,000.

ELAINE WILLIAMS

Ultra-violet sterilisers to beat fish diseases

THE growth in the UK of fish farming has led Hanovia, a Slough-based company to develop high capacity treatment systems to sterilise large volumes of water using ultraviolet light instead of chemicals.

Fish fry are normally reared intensively during the early stages of development and bacterial, fungicidal or viral diseases can pose problems for the farmer. Many such diseases occur in river water or mains supplies.

Some are not just water-borne. Infection can be carried by air as spores or transmitted by birds from one area of water to another.

Problems for the fish farmer may arise because it is necessary to heat rearing tanks to speed the frys' growth. This is then run to waste but the local water authority may insist on disinfection before return to a river source.

Hanovia claims that ultraviolet sterilisation allows a proportion of the water to be recirculated after disinfection thereby saving heating costs.

The ultra-violet radiation will kill or inhibit almost all bacteria, viruses and moulds. It does not produce any chemical change in the water with the end product also safe for human consumption.

The Hanovia systems can be installed quickly by an electrician and plumber. The basic module consists of a stainless steel tube housing a UV arc lamp with inlet and outlet ports. The power and control units are contained in separate steel boxes for local or remote wall mounting.

John Conacher, Hanovia's managing director, says that modules are available with treatment capacities ranging from 50 gallons per day to 20,000 gallons an hour, although much higher flow rates can be achieved by installing units in parallel.

Mr Conacher says that low running costs are a key feature with his company's systems costing as little as a penny to treat 1,000 gallons.

Capital costs vary, of course, according to the volumes of water to be treated. On average somewhere between £2,500 and £5,000 but between £10,000 and £20,000 for large scale plants.

Hanovia which employs about 40 people and has been particularly active in UV equipment for medical uses since the 1920s also has systems for shell fish washing units. These allow shellfish to be purged in sterilised water for two or three days before being sent to market or exported.

Hanovia is at 145, Farnham Road, Slough (0753 31351).

MAX COMMANDER

New computer journal for the research worker

SCIENTISTS and technologists were among the first to grasp the importance of cheap computing power offered by the microprocessor. Just look at all those Commodore Pets scattered around research laboratories.

So it is perhaps surprising that while book stands groan with the weight of computer magazines for the businessman and so on, the first microcomputer journal specifically for the research worker has just appeared.

Laboratory Microcomputer, published by Science and Technology Letters four times a year at an annual subscription of £10, is edited by Dr Brian Millard, formerly of the Institute of Neurology at London University.

The first issue includes articles on automatic methods of measuring react on rates by UV spectroscopy, image analysis on the cheap and a way of transferring data from an Apple to a Pet.

The publishers claim the new journal is to serve as a channel of communication between user and user and user and manufacturer. More from 12, Clarence Road, Kew, Surrey, UK.

Route selector

A MESSAGE route selector that enables intelligent typewriter terminals or visual display units to communicate with each other and the telex network has been introduced by ATS (Communications), Haywards Heath, Sussex.

The device allows messages to be sent point to point between terminals or broadcast to any number of terminals in a system. The lineswitch is aimed at both the end user and original equipment manufacturer. More information on 0423 897469.

High speed machine

THIS internal grinding machine frome Boneham and Turner at Mansfield uses a centreless roller type fixture in place of the conventional work head and enables components to be finished ground to a high degree of concentricity. The high frequency spindle can operate between 60,000 and 80,000 rpm. Temperature sensors are incorporated. Full technical details from 0623 27641

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A Graduate aged, 27-40, will require 5 years relevant commercial/administration experience, using sophisticated computer systems. To develop the credit function efficiently the applicant must establish sound relationship with customers and sales administration staff as well as being capable of moving out of the credit field into a general Admin. management position.

ACCOUNTANT c.£10,000
Reporting to the Controller of the Software Development Division with responsibilities for a wide range of functions including financial/management accounting, ledger control, balance sheet reconciliation, and general administration within a rapidly expanding entity. Applicants in their mid 20's will be Graduates studying for a professional accountancy qualification, ACMA/ACCA/ACA, possessing relevant commercial experience.

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Resumés including a daytime telephone number to Stephen Blaney, Executive Selection Division, Ref. BO54.

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The successful applicant would be responsible for conducting audits and systems reviews, writing audit reports, developing audit programs and document systems and audit activity.

You should be qualified, although we would consider a good finalist, have good communicative skills, be able to work on your own initiative and work with a minimum of supervision.

The systems encompass both manual procedures and computer systems which are in a constant state of evolutionary development.

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Our Client is an £850M t/o publicly quoted group which has recently undergone re-organisation as a platform for expansion. This has generated a dynamic environment with opportunities for outstanding individuals. This position, reporting to the Financial Controller, involves identifying, developing and implementing a new range of computer-based business and finance systems. Apart from the efficient processing of information, these systems will need to provide forecasting, budgeting and business planning facilities using a sophisticated data base.

The ideal candidate profile includes:

* **An accountancy qualification with a degree**
* **Significant knowledge of management reporting and financial analysis techniques**
* **Extensive experience in the use and design of information systems, with a strong financial bias.**

It is anticipated that the successful candidate will move to a senior management position within the head office or with an operating company within 2 years.

Please contact Adrian Thorley in strict confidence.

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Group Accountant

Hounslow *c£17,000 + car etc*

The International MacGregor Group consists of well-established companies located in leading maritime countries worldwide who are specialists in the vital industry of cargo access and related equipment for ships.

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JOBS COLUMN

How too much may be worse than not enough

BY MICHAEL DIXON

"TAKE fertilizer," said Arthur Sweney between squeamish sips of warm bitter beer. "Sure, a bit of it makes plants grow better. But that doesn't make you think they'll go on to grow like giants if you pile it on 'em three feet thick."

"So?" gurgled the Jobs Column from inside its pint jug.

"Well, it's the same with motivation," Professor Sweney added. "Only most folks don't know it."

The invitation to meet the engineer-turned-organisational-psychologist from Wichita State University in Kansas, had come from the Independent Assessment and Research Centre in London. He is to lead a series of workshops and seminars on various aspects of motivation, which the centre is running here the week after next.

I leapt at the chance because I have long been perplexed by motivation.

It is evidently very important to all of us. When we feel "positively motivated" we seem able to transcend our average performance by tackling an increased workload with better results.

Evidence that the converse is also true was provided recently by separate conversations with two of my oldest friends who, having made their mark in professional occupations, now look bleakly on the 15 years still stretching between them and the old age pension. Each sought to explain his lassitude with identical words: "I've just lost motivation." Nor is the condition confined to us oldies, because since starting this article I've heard the same sentence spoken by a much younger colleague while toying moodily with a duplicating machine.

The only problem is that never during my sporadic inquiries since the late 1960s have I come across an understandable definition of what motivation is. We all believe we know that the presence of it makes us work better than would otherwise be expected, and the lack of it makes us work worse. But nobody has seemed able to define the nature of whatever it is that is present or absent in either case.

It is a bit undignified for adult humans to go about having their capabilities alternately geed up and put down by something beyond their understanding. So I hoped that Arthur Sweney's work at his university's centre for human appraisal might have shed some light on the problem.

He believes that it has, and the comparison with fertiliser is only one of his ways of expressing his thesis which entails a sharp conflict with what, in my experience, most people believe about motivation. For the general idea seems to be that we can never have enough of it, whereas Professor Sweney thinks not only that we all can but that a lot of us do have too much of it.

Another of his expressions is that, to most practical intents and purposes, motivation is the same as tension. We need a certain amount of it to get us going, but if the tension builds up to an extent that we are unable to cope with, we tend to freeze in our tracks. We end up no less apathetic than we would be with too little motivation, but a lot more worried about it—transfixed by stress.

Pushed

Some people are pushed into this sad condition by their employers. There are numerous organisations which pile on the stress both wholesale and automatically by, for example, instilling into managers and sales staff the conviction that they are failures unless they get better results this year than last regardless of economic circumstances. But a lot of individuals apparently achieve the same effect without any help from their company at all.

There seems to be a tendency among people who have enjoyed success at something to behave as though going on getting better and better at it is not just a moral duty, but their whole way of life. Whatever level they achieve, they raise their expectations beyond it and in many instances—if what I take to be the professor's theory is right—eventually over-motivate themselves into guilt-ridden dithering.

Here, of course, we run into the danger of sheltering hypochondriacally behind plausible psychological formulations. It is both tempting and easy to mistake for over-motivation what is really only laziness. So it would merely be self-indulgent to dignify our apathy by ascribing it to the Sweney syndrome without first obtaining expert confirmation. One way to find out would apparently be to take the motivational analysis test developed by the professor's centre at Wichita (the Jobs Column will be taking it soon and will report on the outcome in a week or two, provided it isn't too damaging).

Genuine sufferers can be treated on an individual basis, Arthur Sweney said, by being helped to a deeper understanding of how their own motivation works. But the treatment is time-consuming and expensive. He therefore thinks that it is better for employing organisation to take the intiative by taking a hard look at themselves to see whether they are setting staff targets of performance which are higher than the concern reaaly needs, or encouraging people to expect too much of themselves.

It was remarkable the professor added, how much people's work could be improved simply by convincing them that they "don't need to be supermen." But unfortunately it seemed to be only the exceptional organisation which realised the fact. Most had a tendency not only to inculcate unrealistically high expectations, but also to respond to people's failure to fulfil them by raising the targets still higher and/or increasing the promised rewards for success and the threat of punishment for the opposite.

Boosting the stress in this kind of way may well produce an effect in the desired direction initially. But if the people concerned are really affected by over-motivation, the long-run results are liable to be at best unproductive and possibly even tragic.

Take Lady Macbeth for example. If she had chatted with Professor Sweney the evening before King Duncan's murder, she would not have psyched up her husband to do the fell deed by jeering at him for "Letting 'dare not' wait upon 'I would' like the poor cat i' the adage."

Instead, she would have tenderly inquired: "Do you think you may be suffering from an excess of motivation, dear?," and then gone off to bed to consider whether killing the king was really necessary. In that case, we would probably have never even heard of Macbeth, of course. But everyone directly concerned would have ended up a good deal happier.

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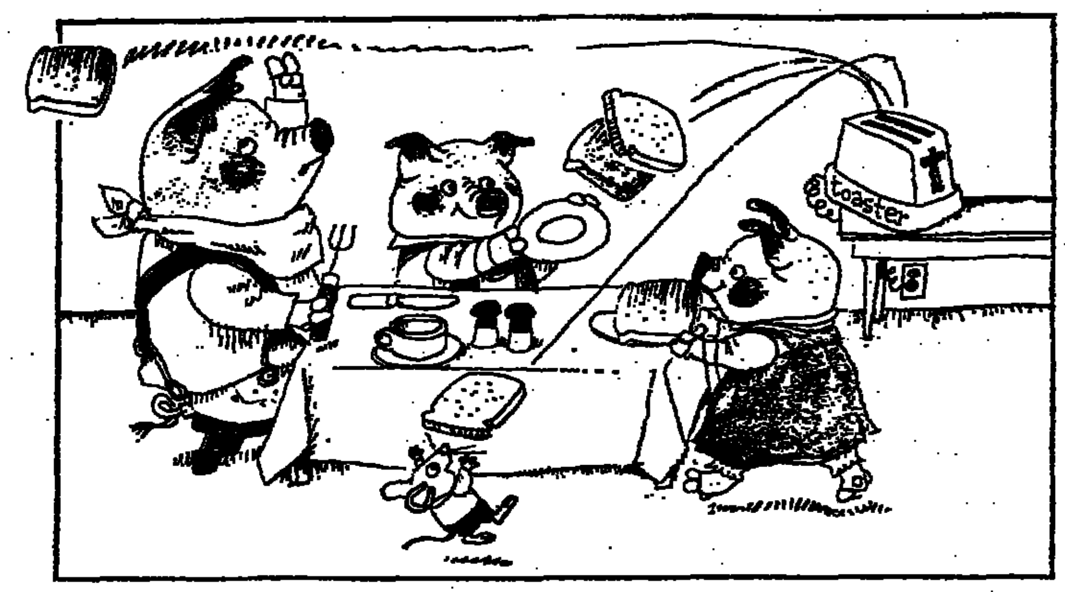
THE MANAGEMENT PAGE: Marketing

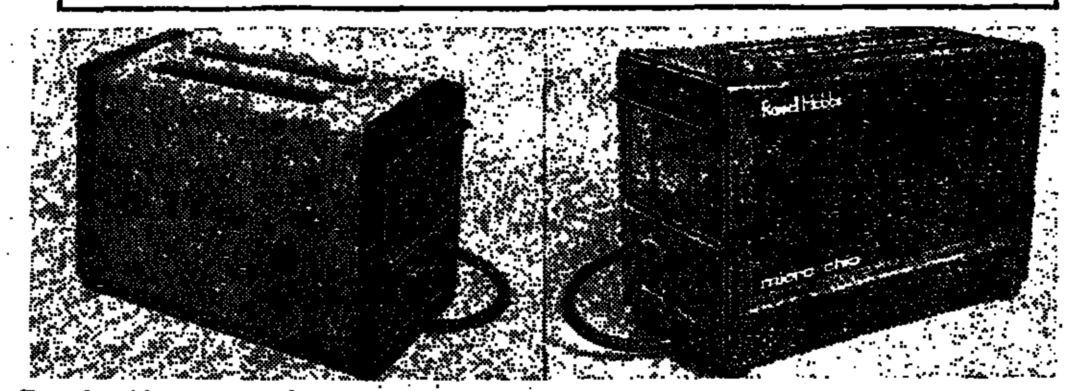
EDITED BY CHRISTOPHER LORENZ

PRODUCT DESIGN

The struggle to define a market, and then satisfy it

BY CHRISTOPHER LORENZ





Top: the ultimate toaster (with apologies to Richard Scarry's 'What People do All Day'); below: the contemporary reality, courtesy of Russell Hobbs

IT IS a classic marketing dilemma. You're clever (or lucky) enough to develop a product which is a major advance on its predecessor, offering extra features as well as greater reliability. Do you go for a mass market right away, and price accordingly, or do you first pitch it at a premium segment of the market, with a price to match?

Do you capitalise on the technological step forward by making the product look different? How different: radically, or only slightly? In just colour and pattern, or shape as well? Most fundamental of all, perhaps, should you take your courage in both hands and try to set a new fashion, or should you doggedly stick by what your market research tells you about the conservatism of the consumer?

Care in the engineering

When your're in a market where there is precious little differentiation other than price between many competitors' products, the dilemmas become especially acute. How best to get the right balance between cheapness of manufacture and appealing product features?

Russell Hobbs has taken a seemingly cautious line with its new micro-chip toaster—the first electronically-controlled toaster to be mass-produced in Britain. As a result, it has been castigated by several industrial designers and marketing men.

No one would have expected the company to turn out an electronic marvel of the sort suggested by our adaptation of the Richard Scarry cartoon, propelling toast across the room to each greedy member of the family by some ultra-brilliant sensing device. But, in the words of David Carter, whose DCA consultancy is one of the most highly respected design groups in Britain and who tested the micro-chip toaster for this article, it seems a pity that in such a cut-throat market it should "look so ordinary Surely here was a chance for a little creative marketing and forward-looking product design to ensure that the public were at least aware of the step forward which had been taken? The appearance does not reflect the care that has gone into the engineering."

The technical advance is indeed a substantial one: the elimination of all but one of the three dozen or so moving parts that make most toasters so unreliable (prone to jamming with crumbs, seizing-up as the lubricant wears off, and so forth).

The use of a micro-chip controlled timer and a magnetic release mechanism not only overcomes such problems, says Russell Hobbs, but also provides toast of a much more even consistency (after the first couple of toastings, anyway). So Mrs Pig no longer needs to stand by the toaster and adjust it each time. To judge from the drawing she seems either to have already gone off to work, or to be having an extra-late lie-in.

Rather than offer these valuable new features just to a premium market segment, Russell Hobbs has gone for volume right away, pricing the product squarely in the middle of the market (it is on sale in most British electrical shops and department stores for between £16 and £18).

Before doing so, the company market-tested a whole range of highly innovative shapes and colours (cubes, curved ribbed edges, bright reds and so forth, some of them suggested by external design consultants, but not surprisingly the research showed that they were disliked by the Mrs Smiths of this world, who constitute the mass market for toasters.

So the only visual concession Russell Hobbs has felt able to make to the micro-chip age is to offer a shiny white finish (with red stripes) as what it calls a "hi-tech" alternative to the company's traditional "Honesty" flower pattern on a beige background. A matt black variant, echoing the "modern electrical" image propagated many years ago by Braun—Gillette's West German subsidiary—and carrying several neon-like light green stripes, will be on sale later this year, once a black model which the company bought in from another German company is off the market.

Willingness to take risks

At first sight, this whole marketing strategy is precisely as unadventurous as one would expect from a small subsidiary (£23m sales in 1981) of a massive parent (Tube Investments, with a turnover of £1.1bn).

But the truth is not so simple. Russell Hobbs' ability to remain highly profitable throughout the recession, which has pushed its parent into the red, has reinforced its independence and its willingness to take entrepreneurial risks now and then. It has just launched what is claimed to be the first British-made air freshener, for example, with an unusual design; as managing director David Durham says, in order to try to break into a new market, "we can afford to take the chance."

It was a different story with the toaster. Durham does claim that his first reaction when he heard that his engineering director, Dr Michael Morecroft, had succeeded in developing the product, was "marvellous, let's charge £25 for it." Since the company was not locked into an expensive existing production line, having never made pop-up toasters before, it could easily have offered an unusual shape to go with this very high price.

But this would have conflicted with Durham's corporate strategy. Since he and Morecroft arrived at Russell Hobbs, five and four years ago respectively, they have been engaged on a careful programme of diversification. Just before Durham joined from the parent company in 1977, when Russell Hobbs' turnover was only £9m, his predecessor had begun adding to the traditional kettle and coffee-maker business by introducing a line of unusual sideways-action toasters. Expensive to make, they were priced up-market (they now sell at £17-19).

But Durham stresses that the top end of the toaster market is not big enough to meet the company's objectives: "we're not interested in being anything other than a volume supplier."

With increasing foreign competition adding to the squeeze on disposable income to depress market prices, Durham and his management team felt there was no way they could offer their new micro-chip toaster as yet another up-market product.

But this still leaves a number of critical questions about the new product. Apart from the choice of the honesty pattern, which many designers find offensive, why did two of the three toasters which were tested for this article, have design/manufacturing faults: in two cases a plastic crumb tray which warped, and in one (tested by David Barnett, a director of Conran Associates) plastic end caps which did not quite fit the main body housing?

It is points like these which prompt Barnett to say that "seeing all that poor detailing every morning would really worry me." The toaster had revived all his concern about the design of British domestic appliances, he complained.

Dr Morecroft reacts to allegations that the toaster looks ungainly by pointing out that toaster-makers in Germany, in particular, have it easy. They can easily produce a stylish, slim, low look because the German consumer does not use the tall, rounded "tin" loaves of bread favoured by much of the English market. Nor does the West German market go for the thick slices which are de rigeur on many a British breakfast table. Since the side panels of the toaster have to be kept a certain distance away from the heating elements to avoid becoming unpleasantly hot, there is a strict limit to how slimline a UK toaster can be. Not very, is the unfortunate answer.

The ill-fitting end caps on Barnett's test model seem to have resulted more from a slip-up in quality control than from inadequate design, though the warping of the crumb tray definitely did result from a design fault.

It has now been corrected, but there is still an unsightly and somewhat uneven gap on the side of the toaster between the top of the plastic tray and the bottom of the metal housing: Russell Hobbs does not appear to have entirely mastered one of the oldest and most challenging tricks in design, the marrying of different materials successfully.

Elegant look spoiled

This shortcoming only adds to the criticism that David Carter, David Barnett and other designers have made of the way the toaster is decorated. However minimal the step may seem, Russell Hobbs has gone some way towards matching the product's high technology innards with an innovative exterior: neither white nor black are common shades for a toaster. But the elegant look these might have created is spoiled by the heaviness of the coloured stripes that have been slapped across them to give the product extra impact and the illusion of reduced height.

This, and the company's persistence with its "Honesty" flower pattern, raises the always awkward question of taste. It smacks of snobbery for a design consultant and a Financial Times reader (or writer) to criticise Russell Hobbs for ploughing on with a design that has already helped sell thousands of coffee pots and kettles. All the same, Carter and Barnett are right in saying that the rather crude flower patterns are at odds with the robustness of a carefully engineered lightweight metal toaster.

Hard-pressed industry

Much of this discussion comes down to two key questions: whether market research actually limits, rather than assists, marketing innovation, and what you, as opposed to Mrs Smith (and some of the people at Russell Hobbs) consider "good design."

David Durham of Russell Hobbs is the first to admit that market research "can deter one from being entrepreneurial, and from seizing some wonderful opportunities. It will never give you the inspiration for a new colour, shape or pattern." After all, it was Durham himself, rather than his designers, who decided to risk colouring a toaster black.

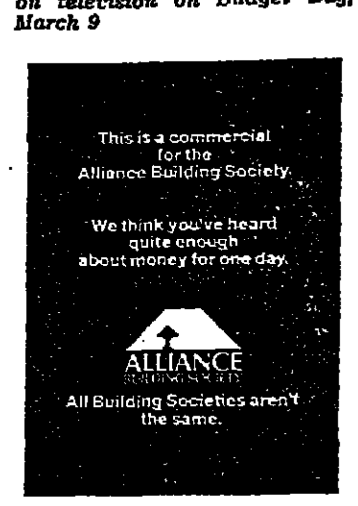
Perhaps the best way to test whether Russell Hobbs has found the right sort of formula would be for it to try to export its toaster to several countries which have a wide range of mass market tastes — not only the U.S., on which its main hopes are concentrated, but also the more refined West Germany. After all, this is not an academic debate about the relationship between form and function, but a question of whether the hard-pressed British domestic appliance industry can survive in the face of increasingly intense international competition. It is a battle to the death, in which design is playing a growing role.

ADVERTISING

Low key, low cost message

BY DAVID CHURCHILL

The Alliance Building Society advertisement which appeared on television on Budget Day, March 9



"THIS IS a commercial for a building society," reads the advertising copy as it rolls up the screen, Cecfax-style, immediately after Selina Scott has brought to an end part one of "News at Ten."

The stark white lettering of the copy contrasts strongly against the black screen as neo-rock music (from ex-10 c.c. stars Godley and Creme) begins to play.

"But it's a bit different," rolls up on the screen. "No smiles . . . no actors . . . not even a voice." The music plays on. "In fact, every expense spared."

The next caption explains why. "Because this is a commercial for the Alliance Building Society . . . one of the biggest building societies in Britain."

The words continue. "At Alliance, we use money to make money for over 750,000 investors."

The 30-second commercial, still to the accompaniment of the Godley and Creme music, freezes with the Alliance logo and the words: "All building societies aren't the same."

This commercial is one of several similar advertisements that have been appearing on television screens over the past few months to make potential investors aware of the existence of the Alliance Building Society—the seventh largest in Britain with assets of more than £2bn.

The series of commercials has not only proved very effective in achieving this but has shown that television commercials do not have to be costly to be effective.

Awareness

The above 30-second commercial cost about £600 to produce—in comparison with average production costs for a similar length commercial of between £30,000 and £40,000. Some of the commercials produced by rival building societies are likely to have cost considerably more than that.

The effectiveness of the Alliance commercials was indicated by NOP market research surveys carried out both before and after the first advertising burst in the spring of this year. Spontaneous awareness of the Alliance increased sharply; before the "image-building" campaign it came 12th, after the commercials were screened it came eighth, leapfrogging such societies as the Leicester, Burnley, Brittania and Provincial.

Other questions put to the 2,000 people sampled by NOP revealed that half the respondents thought the advertising "a clever way to attract the viewer" while only 13 per cent felt the words-only commercial was "boring."

Not surprisingly, Roy Cox, chief general manager of the Alliance, is "very pleased" with the new advertising approach. He believes it has added "significantly" to the Alliance's growth this year, although he points out that other factors have also helped the Alliance to do well.

The success of the Alliance cheap-but-effective advertisements may encourage other advertisers to re-consider their advertising production budgets. Concern over escalating costs for television commercials is growing in the advertising world, especially since recent figures from the Advertising Association showed that such costs grew alarmingly by almost a third last year.

The Alliance campaign was developed by the TBWA agency which won the account at the beginning of this year. The agency was aware of the problems of trying to promote the Alliance on a relatively small budget—about £1m this year—in contrast to the substantially higher profile campaigns for societies such as the Halifax, Leeds or Abbey National.

The Halifax, Britain's biggest building society, is estimated to be spending between £4m and £5m on television advertising this year.

TBWA, therefore, decided to make a virtue out of its small budget, adopting the underlying theme that the Alliance took its investors' money seriously enough not to spend large sums on expensive television commercials. Hence the digs at other campaigns by the references to "no smiles" or "no actors"—digs that would have been more explicit had there not been a fear of running foul of the advertising standards "watchdog" for television commercials.

The agency also believed it important to be visibly different from the other building societies' commercials. Its analysis of the market was that, in the viewers' (and investors') minds, there was very little difference between the various large societies.

Given this need to be cheap, effective, and different, the TBWA account team explored the possibility of using new computerised video technology.

The machine TBWA used is one of only a handful in operation at present in the UK. The Alliance copy was fed into the machine and the computer did the rest, setting the typeface and speed with which the captions rolled up onto the screen, and storing the commercial on video-tape.

This is a far more flexible—and cheaper — system than conventional video-filming of a series of captions. For example, extra computer graphics can be easily built into the commercials if needed.

In the first series of six 30-second commercials, TBWA concentrated on establishing the Alliance's image through "jokey" copy-lines. There was no hard-sell, as in many financial commercials, and the "funky" music gave the Alliance a slightly trendy image in an attempt to attract younger investors without alienating the older members of the society.

The lack of a voice-over, the music, and the novel absence of any pictures (investors waving their account books, for example) all made the commercial sufficiently "different" to make the viewer sit up and take notice.

Accurate

For the second burst of advertising — which finished last month — the agency tried to get across two specific savings schemes offered by the Alliance. The same format and music was adopted but with less success in advertising terms since the commercials were more wordy than the initial series because of the need to convey accurate financial information. "We think there is only a limited amount of financial information that people can absorb in 30 seconds," points out account manager Jeremy Warshaw.

Probably the best of the Alliance's commercials was, therefore, also the shortest. On Budget night, sandwiched between the financial details given by Ms Scott on "News at Ten," the commercial ran for the full 30 seconds with the phrase (and Alliance logo): "We think you've heard quite enough about money for one day."

Ever After/Tricycle Theatre

Rosalind Carne

Marriage in the doghouse: an angry critique of wedlock

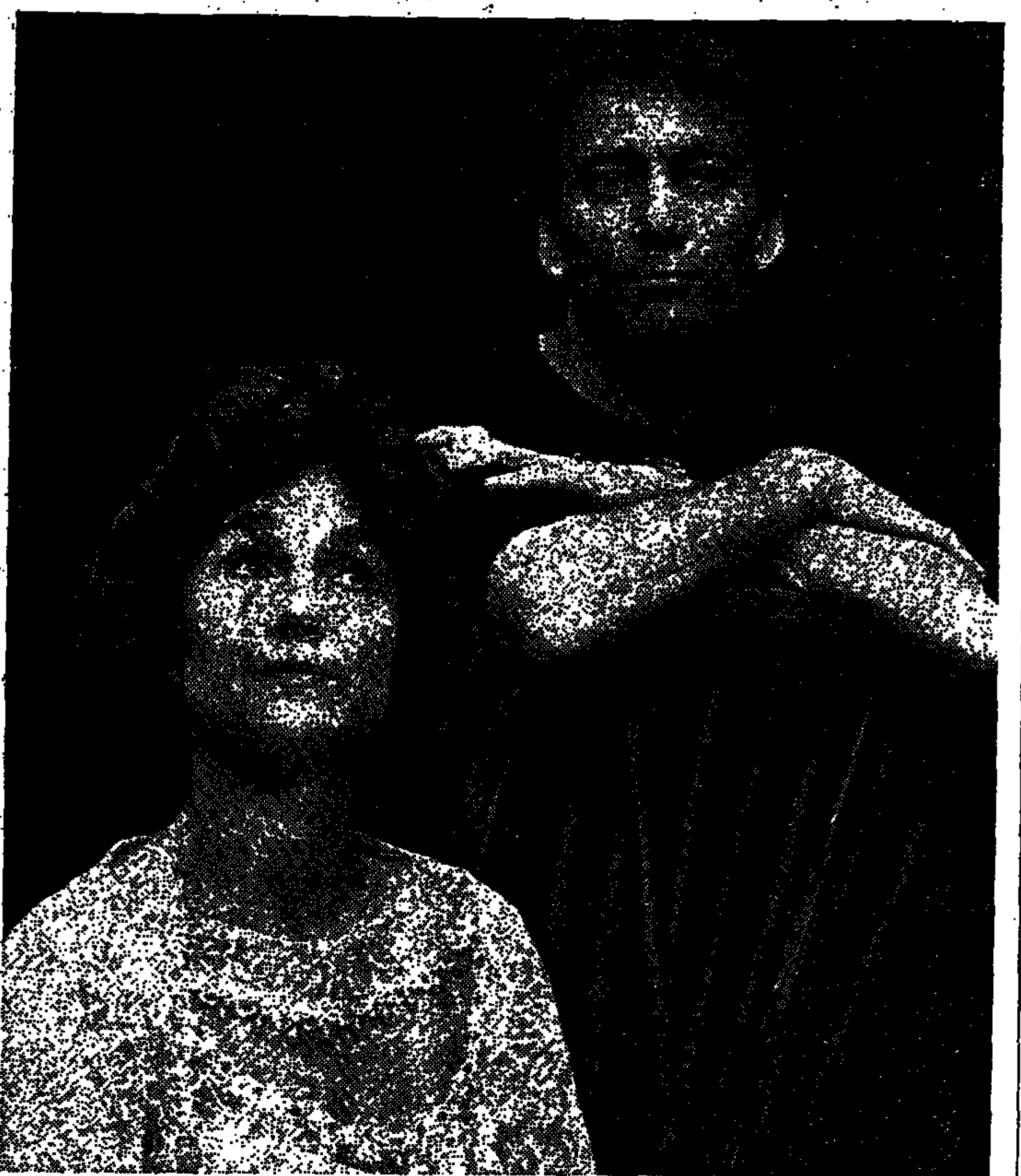
This is an angry critique of wedlock from the female angle. It is not a play to startle or inspire, though it might hit a raw nerve from time to time. Single parenthood is under consideration, but attitudes to men feature more prominently than feelings about children. Curiously, it is at its best when most superficial, for it deals in case studies rather than characters, sketches of lives whose drama simmers beneath the cliché.

Anne Raitt plays Linda, the central and most articulate figure, theorising herself out of marriage to Terry and into an affair with Pete, "The New Man." Her views are linked to her writings as a campaigning feminist, and though they are quite apposite, their lengthy recitation on stage is painfully undramatic.

The problem is compounded by the formal structure of the piece, an orchestration of voices, working best when closely interwoven. There is very little movement, and no narrative interaction between the women. Linda is at her typewriter, and the others sit about sewing wedding dresses. A black backdrop denies any visual relief, but Andrea Montag's stark design is nevertheless effective. Physical action is concentrated on the male roles and Michael Feast plays both with considerable passion and energy.

Shirley Anne Field is inspired casting as Sheila, the sexual ignoramus who makes few demands and gets fewer returns. Her tale is not so much explored as hinted, via a delicious dry humour, and her lines carry their distinctive whiff of authenticity. The other two victims are almost as intriguing. Kim (Ellen Thomas) marries at 17 to escape her parents and has to wait until her own children are at school before she discovers what she really wants — to become the first black woman in the House of Commons. Maggie Ford gives a convincing portrait of Joan, the orphan who attempts to create an identity via the trappings of social convention. Unconscious verbal interplay between these three provides the best moments of the evening.

The joint writers are Catherine Itzin and Ann Mitchell, who also directs. Research and workshops with the actors contributed to the finished product, which proclaims both the strength and weaknesses of the method. There are rough drafts of several scripts here—fascinating snippets, dulled by heavy-handed moralising and the flushy conclusion.



Shirley Ann Field and Michael Feast

Andy Capp/Manchester

Rosalind Carne

Perhaps I am not the most suitable critic to comment on this hymn of praise to all that I loathe in the male sex. It wasn't so bad in cartoon form: Reg Smythe found a successful formula and stuck with him. Why Flo should stick with him is beyond my comprehension.

A new musical by Alan Price and Trevor Peacock at the Royal Exchange Manchester only prolongs the agony. Nor is it particularly rewarding to watch Tom Courtenay shambling about as a drunken half-wit. He might have partially redeemed the little wastrel by injecting an ounce or two of human warmth; but his Andy is a heartless specimen. This is all supposed to be good fun but I found it dullgoing.

I should not recant somewhat to state that there are a handful of lively numbers in the jaunty, running-down-the-road vein. What else would one expect from Mr Price? But I must raise the hackles of the menfolk once again by asserting that the best of the song and dance belongs to the women. This, of course, is the essence of the comedy. Chaps loll about and drink beer, fancy pigeons and lack the gentle art of conversation. They may wield a snooker cue on occasions but are generally passive unless roused to anger. Ladies have all the energy, working on the assembly line, scrubbing, cooking, chattering, getting tarted up for weddings, and adoring their useless appendages.

Mr Peacock has taken the comic strip to flesh out a simple romantic theme of his own invention. Elvis and Racquel are young lovers in the conventional Geordie mould. He is unemployed; she is director of the typing pool. Michael Mueller and Nicky Croydon are spirited performers who move and sing well and, indeed, it is hard to find fault with the remaining players. Val McLane's Flo is the undobuted leading light brimming with personality, her over large bosom threatening to burst through her second hand dress.

The composer himself takes the role of visiting musician and commentator. At one point he relates Mr Capp for his churlish behaviour but the warning has no noticeable effect Self-centred stupidity is the key to success for this working class hero who has already been widely studied in academic circles.

Much of the inebriated activity takes place in The Rose and Crown while simple props are wheeled into the circular acting space to suggest other Tyneside households. Johanna Bryant's design concentrates on the black and white of the Capps' natural habitat. Even the excellent six-piece band are encased in a kind of newspaper boat. The director is Braham Murray and he has welded the slender narrative and musical strains nto a tidy if dispiriting theatrical package.

Anniversary for Evita

Evita has just celebrated its fourth anniversary and, judging by the good audience during an awful period for most West End theatres, should be around for some time yet. It deserves to be. Everything depends on the title role and Stephanie Lawrence, as well as looking very like Eva Peron, holds the attention, not least in the dramatic dying moments. Oz Clarke is rather young for Peron but looks sinister enough. Martin Smith battles with Che, the least successful of the leading roles. All involved still seem interested and certain slight changes in the production make a second look worthwhile.

Music in New York

Andrew Porter reports on some British premieres—and revivals

Peter Maxwell Davies's Brass Quintet, composed for the Empire Brass Quintet, had its first performance here this season. The Empire's first trumpet, Rolf Smedvig, and its horn, David Ohanian, were in the Boston Symphony when it created Davies's Second Symphony; and there, presumably, he learned their virtuosity of technique and quickness of temperament. The Quintet is a substantial piece, 32 minutes and three movements long, and more imaginatively written for that particular ensemble than any other work I know.

It must be fiendishly hard to play. The horn is the principal singer: the piece shows, more easily than the rich complicated pages of the two symphonies, Davies's increasing command of harmony not top-line-and bass but growing both upward and downward from a central "tenor." In the first movement, there is a lot of "atmospheric" work, often trilled, for the two trumpets, muted. The central adagio is a set of variations with long solos for horn, trombone, and tuba. The finale is a allegro vivace closed by grave paragraphs and an exuberant cadence springing from a wild horn cadenza.

The performance was both brilliant and poetic. The Empire is one of the few brass quintets one can listen to with pleasure in a relatively small hall. Another good Davies performance of the season was the New York New Music Ensemble's of his *Ave Maris Stella*—a piece that seems more beautiful and more exciting at every hearing.

Another "British highlight" was Ian Mitchell's clarinet recital given, to a tiny audience, in a SoHo (means "south of Houston Street") studio, where Alexander Goehr's *Combattimento* Paraphrase and Harrison Birtwistle's *Linoi* outshone all else. The Fitzwilliam String Quartet played a complete Shostakovich cycle in Alice Tully Hall, and although the thousand-seater hall was not full, it was half-filled with an audience that stood and cheered after every concert.

A Cornelius Cardew memorial concert, given in Symphony Space (a shabby, friendly converted ice-rink, on the Upper West Side), drew an appreciative young audience, though neither *Treatise* nor *The Great Learning* was well represented by a single, brief excerpt. Frederic Rzewski, joined by Ursula Oppens in two-piano pieces, gave strong, exciting performances of some of the later music. Thea Musgrave's *The Last Twilight*, a theatre piece for large chorus, semichorus, 12 brasses and percussion, a setting of D. H. Lawrence's "Men in New Mexico," was not well performed (in the Brooklyn Academy of Music), but not so badly as to conceal a large, romantic vision.

American music? Here are some new pieces I enjoyed: Fred Lerdahl's Episodes and Refrains, for wind quintet. He's a composer whose music is marked by clear planning, distinguished thought, and masterly execution. It appeared in a concert given by the Emmanuel Wind Quintet, along with John Harbison's beguiling Wind Quintet (1978), and Schoenberg's intractable Wind Quintet — so rich and enjoyable on the page, so lumpy when turned into sound. Conrad Cummings's *Summer Air* is a delicious nonet inspired by "the lush mid-May New Hampshire woods, the almost impalpable heavy sweetness of the air" — an attractive piece by a gifted young composer. Schoenberg's influence seems to be ever growing in this country, and amid the "traditional" works that find inspiration in Schoenberg, Susan Blaustein's *Ricercate*, a string quartet, was outstanding.

Orchestral? At the Philharmonic, I enjoyed Leonard Bernstein's *Halil*. The American critics generally sniff at Bernstein (*Songfest* was far more warmly received in London than it was here), but his warmth of heart uninhibitedness, and Rossini-like felicity of musical touch are rare gifts. Another flute-and-orchestra piece, Leon Kirchner's Music for Flute and Orchestra, combined — like all Kirchner's music — fastidiousness with largeness of spirit, and complexity with directness of appeal. The American Symphony, conducted by Michael Tilson Thomas, played it in Carnegie Hall; Paula Robison was a lustrous soloist.

"*Old* music" strikes even deeper roots. New York has two admirable small choirs: Richard Taruskin's Cappella Nova, who gave a memorable recital of Antoine Busnois, and Alexander Blachly's Pomerium Musices, who gave a strong performance of Isaac's *Silver and Gold Mass*. At Passiontide, three of the *John* Passions heard in this city were accompanied by Baroque instruments. Merkin Hall, a 600-seater just north of Lincoln Centre, flourishes increasingly with music both new and old. Three Haydn concerts there—piano sonatas played by Malcolm Bilson, songs and baryton trios, and piano trios—provided three evenings of delight, for skilful artists played them on the kind of instruments Haydn wrote for. There's nothing yet in New York like the Academy of Ancient Music, but perhaps one day there will be.

Record Review/Fantasy Operas

David Murray

Janacek: The Cunning Little Vixen. Lucia Popp, Eva Randova, Dalibor Jedlicka et al, with Mackerras/Vienna Philharmonic. Decca D257 D2 (2 records).

Janacek: The Cunning Little Vixen. Magdalena Hajossyova, Gabriela Benackova-Capova, Richard Novak et al, with Neumann/Czech Philharmonic. Supraphon 1116 3471-2 (2 records).

Janacek: Glagolitic Mass. Soloists with Rattle/City of Birmingham Symphony Orchestra and Chorus. EMI ASD 4066.

Ravel: L'Enfant et les sortilèges. Susan Davenny Wyner, Arleen Auger, Jane Berbié, Jocelyne Taillon et al, with Previn/LSO and Ambrosian Singers. EMI ASD 4167.

Bartok: Bluebeard's Castle. Yevgeny Nesterenko and Elena Obraztsova, with Ferencsik/Hungarian State Opera Orchestra. Hungaroton SLPD 12254.

Two new versions of Janacek's *Cunning Little Vixen* would have made better sense had one of them been in English, granted that the dialogue has to be followed. But both are in the original Czech, and very good; it can't even be claimed that the Supraphon version is more "authentically" Czech, because (a) most of Mackerras's singers on Decca *are* Czech (including a charming children's chorus from Brno), and (b) the difference of views about what Janacek's real or final intentions were can't be fully resolved. Readers of this page will not need to be told once more that the opera is irresistible and indispensable, an animal-story—sometimes winsome, sometimes tough-minded—through which a pantheistic vision glows.

Either recording will do admirably. They make slightly different effects, apart from textual disagreements. The Mackerras performance is more aggressive and more highly coloured, with Janacek's orchestral idiosyncracies highlit, and the Vienna strings welcome the composer into the full-blooded romantic tradition. That formidable soprano Lucia Popp is the Vixen: against Supraphon's Hajossyova she sounds undercharacterised, especially in the earlier scenes, but rises fervently to big dramatic moments. Her engaging Fox, Miss Randova, is a clear Octavian-type, and in their courting there is a strong flavour of *Der Rosenkavalier*. Miss Hajossyova suggests a much more vulnerable creature (useful for pathos); the lovely singing of *her* Fox, Miss Benackova, is undisguisedly feminine.

Novak is a sound Forester for Supraphon (he sings smaller roles for Mackerras), but Decca's Jedlicka offers a riper reading and a richer voice. On Decca one is aware of star singers, in fact, where Supraphon's team are just interesting individuals—which, for this opera, one might prefer. In Neumann's hands the score flows easily and naturally, though his orchestra is less polished; the grand passages—the forest wedding, the final golden vision—are no less exciting than with Mackerras. The Supraphon version costs less, but I haven't seen the album-notes; Decca's are lavish and informative, with the text in four languages and reproductions of the original Vixen strip-cartoons that inspired Janacek.

Composed two years later, the Glagolitic Mass raises the communal rejoicing of the Vixen's wedding to towering heights. It is not an opera, of course, but it is a funny sort Mass—not at all canonical, and more humanist than devout. Simon Rattle's Birmingham performance boasts resplendent sound and the right stern majesty. His leading soprano, Felicity Palmer, is almost strident, which suits the music; better still is John Mitchinson, whose hectic passion puts the Birmingham choral forces rather in the shade. They make a fine, shapely noise, but the undercurrent of desperate pleading is hardly felt, particularly not in the Credo, where the anxious swell on the repeated "Veruju!" seems just an aesthetic effect. Otherwise this account is as imposing as it is lucid.

More animals, as well as animated furniture and crockery, in the Ravel/ Colette *L'Enfant et les sortilèges*. The erotic duet for two cats (Philippe Hottenlocher and Linda Finnie) is a triumph; the dance for sofa and armchair misses the right comic gravity. This is a number-opera, and Previn scores many more hits than misses. The best things in his concert performance of last year remain, and some unhappy details have been put right. Though the digital recording doesn't capture all the magical sheen of Ravel's orchestra, the range of the Ambrosian Singers is equal to all the varied choral demands, and the soloists are mostly French and stylish. As the Fire, Arleen Auger matches them brilliantly; as the Princess, she is hobbled by Previn's sentimental tempo. The Child (Miss Wyner) sounds at best eight or ten years too old, for the story and for the music: her throaty adolescent quality might be touching in another context, but it spoils "Toi, le coeur de la rose." At least the opera is creditably reinstated in the catalogue.

We haven't been short of Bluebeards—it should be *Duke Bluebeard's Castle:* why amputate his title? — but it is splendid to have Ferencsik's vintage reading recreated in such magnificient sound. There is a glorious blaze for the Fifth Door, and everywhere solo wind-playing of great distinction. No other conductor seems to have the measure of the score—the pace, the balance of parts — so fully. Nesterenko makes the noble Bluebeard one would expect, severely formal at first (if a bit cavalier about pitch) but eventually very powerful. For some Miss Obraztsova may be a sticking-point: the mature, vociferous harridan she presents us with is not the Judith of one's dreams (try Katalin Kasza on Ferencsik's older version), and yet she finds dramatic truth in many a later passage. For the sake of the rest, with all its virtues, it is worth putting up with her.

Henze's Schubert/Barbican Hall

Max Loppert

A large audience presented itself at yesterday's lunch-hour concert by the London Symphony Orchestra—there was apparently a real need for such things in the City, and happily, the Barbican is supplying them. The concert was the first of those being given with the orchestra by Hans Werner Henze, who conducted not his own music (that is scheduled for later in the series) but Schubert's Ninth Symphony.

Henze's view of the Great C major was thoughtful, fascinating, rewarding—the oft-argued (but not always proved) critical belief that a composer is the most valuable kind of conductor was here substantially justified. The tempos of those four huge movements all made sense individual and sense cumulative. The moods of the incidents were characterised with an imaginative insight that at times suggested a startling originality (but at no time an unmerited eccentricity).

Henze seems to have a special, and very beautiful, feeling for the "escape to dream" episodes in this symphony of terrifying contrasts between daydream enchantment and grinding, pitiless reality. Over the major-key answers of the slow movement's opening section, and over its F major subordinate group, there was cast each time a veil of lingeringly lyrical fantasy (delicate exchanges of melody between Anthony Camden's oboe and Jack Brymer's clearinet being particularly noteworthy): and its dispelling each time by the renewed march of A minor lent fresh depth and substance to the symphonic drama.

This was not, however, a performance to send one out of the concert hall with the ringing conviction of having just heard the greatest symphony ever written. The lyrical side of the symphony was indeed most eloquently surveyed. But Henze's conducting technique, based on the rather marine movements of those two web-like (and batonless) hands, lacks the unfaltering accuracy to bind the full ensemble into a cogent, forceful mass—the closing surges of both first and last movements were rather inchoate of purpose and subfusc of sound. And where a "career-conductor" would open movements, give entries, cut off chords with unambiguous clarity, there was more than a passing suggestion of loose direction. In sum, though, an unusually interesting performance, well worth catching in tonight's repeat, with works by Mozart and Weber to complete the bill.

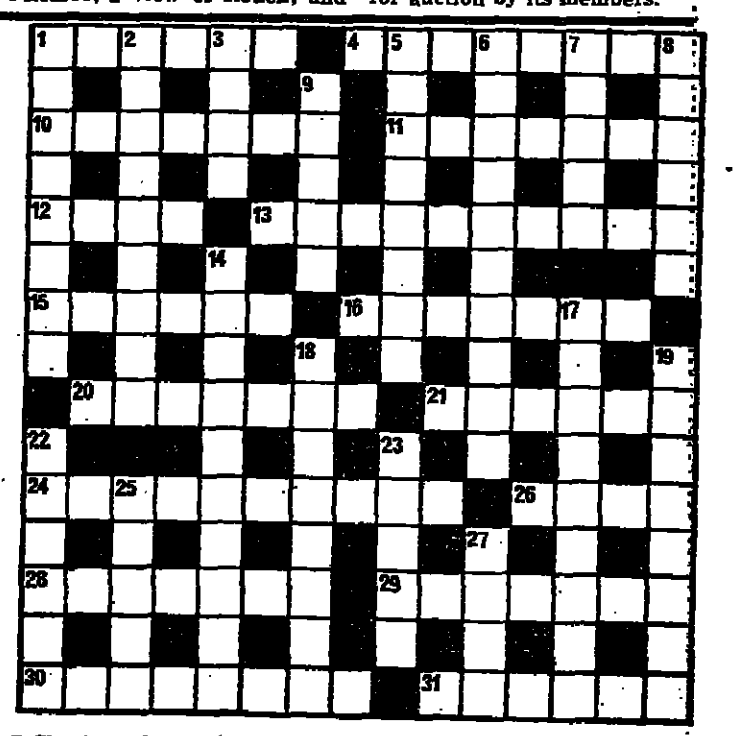
Saleroom

The Impressionist market is not in the best of health. Sotheby's sale yesterday totalled £2,435,400, but with 50 per cent bought in. Even so there were some very good prices, not least the auction record for a Pissarro of £401,500 paid by a European collector for an early work of 1873 of the Pontoise countryside. The previous best for Pissarro was £300,000 set in 1978.

The other major lot, a Modigliani portrait "Totote de la gâte" also did well at £363,000, and the £31,900 paid for "Large and small form" was an auction record for a Barbara Hepworth. Other high prices were the £165,000 for "Femme lisant" by Matisse; £154,000 for another Pissarro, a view of Rouen; and £121,000 from Wildenstein for a late Pissarro, of the Tuileries. Among the unsold lots, "Printemps" by Monet was bought in at £200,000 and a large Giacometti bronze at £185,000, which was within its estimate.

The Society of Authors benefited by £50,000 from the manuscripts sent to Sotheby's for auction by its members.

F.T. CROSSWORD PUZZLE No. 4,911



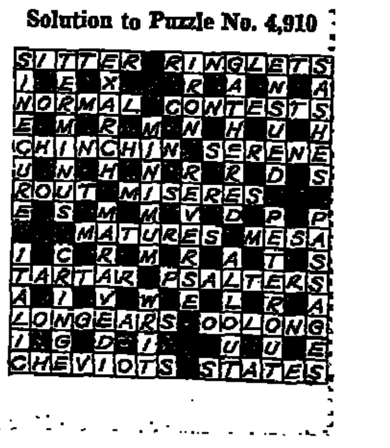
ACROSS

1 Spoil spirit from the Border (6)
4 Ignore a feast (8)
10 Agree to behave (7)
11 So April could become a guiding light (7)
12 A shield, for example, is to follow (4)
13 Dressing boy from South America with the best (5, 5)
15 Tolerate finish by river (6)
16 Acquire property from long possession from us you capped we hear (7)
20 Very quick to name a Lancashire town (7)
21 The most harsh type of duster (6)
24 Fish or bird from Indian city (6, 4)
26 Market that's just equitable (4)
28 Remove the mask from no virus? (7)
29 Abide an independent source (7)
30 Choke or accelerator (8)
31 Let learner be relieved (6)

DOWN

1 Type of sky that's good for fish? (8)
2 Mnemonic about article that's left over (9)
3 A figure I study (4)
5 What the successful performer gets could be very handy (8)
6 Choose a driver from "Whites"? (6, 4)
7 Short volume in Gaelic poetry (5)
8 A summary to begin again (6)
9 Just a trifle in one way uncooked (5)
14 Cut glass collection taken from old receiver (7, 3)
17 Female cleric delayed going into print (9)
18 Consider a pound ascertained by weight (8)
19 Surprised girl in sleigh (8)
22 Kidnap sailor on canal (6)
23 Shares little credit in a drink (5)
25 One who proposes a Frenchman again (5)
27 Sharpness of mind or irritability (4)

Solution to Puzzle No. 4,910



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Thursday July 1 1982

New start for arms control

THE Strategic Arms Reduction Talks (Start) which have just begun between the U.S. and the Soviet Union in Geneva are unlikely to produce any quick results. The technicalities of arms control, the speed and sophistication of nuclear weapons, the sheer scale of the threat that they pose, the asymmetry in the force structures of the two superpowers, and the severe problems of verification, all these factors promise a lengthy process of negotiation; the Salt treaty took seven years to conclude, and then it remained unratified. But at least the two superpowers have now, after a break of three years, returned to the negotiating table with strategic nuclear weapons on the agenda, and that is a significant step forward.

Moreover, the inauguration of the Start talks opens up the theoretical possibility that progress can now be made on the parallel U.S.-Soviet negotiations on cuts in the European-based Intermediate - range Nuclear Forces. These INF negotiations have been going on for some time; but it never seemed plausible to suppose that they could advance very far unless they could be situated against the background of negotiations on the strategic nuclear balance, since the Soviet Union could be potentially vulnerable to both categories of weapons, especially if Nato were to go ahead with the deployment of Pershing II missiles in Europe.

Larger

The general thrust of America's opening position in the Start talks seems well designed for a number of objectives. In the first place, the proposal for a radical reduction — by one third — in the number of ballistic missile warheads on both sides, should do something to persuade public opinion on both sides of the Atlantic that President Reagan's administration is not in fact bent on war-mongering.

Secondly, it represents a tacit acknowledgment that the nuclear arsenals of both sides are far larger than they need be for deterrent purposes. Thirdly, the stress on reductions in ballistic missiles, as the first phase of the negotiations, and especially in land-based missiles, is being explicitly advanced by the U.S. as part of a programme for greater stability.

This third aspect is no doubt the most important. The deployment of increasingly accurate, multiple-warhead land-based missiles in the Soviet Union has aroused American fears that Moscow could be aiming at the capability for a disarming first strike against America's land-based Minutemen. Conversely, the impression that the U.S. is seeking the capability for fighting a prolonged nuclear war may well inspire parallel fears in the Soviet Union.

Anything which reduces the theoretical feasibility of a first strike by either side should enhance nuclear stability. In this context, it hardly matters that any attempt at a disarming first strike would be a gamble bordering on insanity; where nuclear weapons are concerned, a very small risk of an incalculable disaster is liable to seem a very great risk, and is in turn liable to provoke counter-measures which increase tension and which may even increase the risk.

Radical

Doubts may well remain on whether the Reagan Administration is whole-heartedly behind its own Start proposals, or whether they can be reconciled with other aspects of its policy. After all, the President came to power on a platform of rearmament, and it took him well over a year to formulate the Start plan. On the other hand, the Administration may have been persuaded, by the difficulty in working out a feasible basing mode for the new MX missile, that genuine security is more likely to be achieved by seeking a reduction in Soviet missiles.

Moscow has not been enthusiastic about the American proposals, largely no doubt because its missiles are much more heavily biased in favour of land-basing, and Start would therefore require a more radical restructuring of the Soviet than of the American arsenal. On the other hand, the Soviet Union has endorsed the general principle of substantial reductions in strategic weapons. If that objective is genuinely shared, then at least there should be the basis of constructive negotiation.

U.S. controls on Europe's trade

HOW SERIOUS is the present row between the U.S. and Europe over the Soviet gas pipeline and other less politically sensitive economic issues? Not as bad as Dr Henry Kissinger's Year of Europe was the caustic verdict of one senior official in Whitehall recently. The implication, in plain language, is that it will take some considerable time to relieve the tensions that now divide members of the Western Alliance. And the issue that seems likely to generate most heat in the short term is that of extra-territoriality.

Questionable

In the past concern in Europe over the extra-territorial reach of U.S. national laws governing business activity has tended to focus mainly on anti-trust legislation. Recently, however, attention has shifted towards political issues. In 1979, for example, President Carter immobilised more than $5.6bn of Iranian deposits and securities held by branches of U.S. banks in foreign countries including Britain at the stroke of a pen. The purpose was to obtain leverage against Iran over the U.S. hostages affair. These dollar financial assets remained frozen for 14 months. The move caused consternation in Britain and elsewhere.

Similar concern is now being expressed over the Soviet pipeline. The U.S. is anxious to delay or stop construction. It has unilaterally imposed sanctions designed to block the transfer of American technology and components earmarked for the pipeline. The sanctions take two specific forms.

First, U.S. export controls have been extended to U.S. subsidiaries in Europe on the grounds that, regardless of their country of incorporation, they are "persons subject to the jurisdiction of the United States"—a definition that most Europeans find both obnoxious and questionable in international law.

Damaging

Second, the U.S. has imposed re-export controls on goods and technology originating with General Electric. This move affects a large number of jobs at the John Brown engineering group in Britain and constitutes a severe blow for others in Europe, including the troubled AEG-Telefunken. On the basis of vaguely-worded phraseology in the contracts, the U.S. has imposed retrospective sanctions on existing orders which European suppliers are still legally obliged to fulfil.

The clash between jurisdictions was exemplified yesterday when Lord Cockfield, the Trade Secretary, made an order under the Protection of Trading Interests Act 1980, citing American re-export control regulations as measures damaging to British trading interests. This enables the Government to prohibit British companies from complying with the U.S. embargo.

What the pipeline dispute illustrates, among other things, is that the further economic sanctions move away from direct strategic concerns, the harder it becomes to achieve consensus in implementing a policy towards a potentially hostile country. Re-export controls have not given rise to big problems in Cocom, the committee which regulates the transfer of militarily significant Western equipment to the Soviet bloc. But they do give rise to trouble when the U.S. seeks to use economic weapons in pursuit of foreign policy objectives, not least because of differing commercial interests and different views on the advantages and disadvantages of trade with the East.

Recession

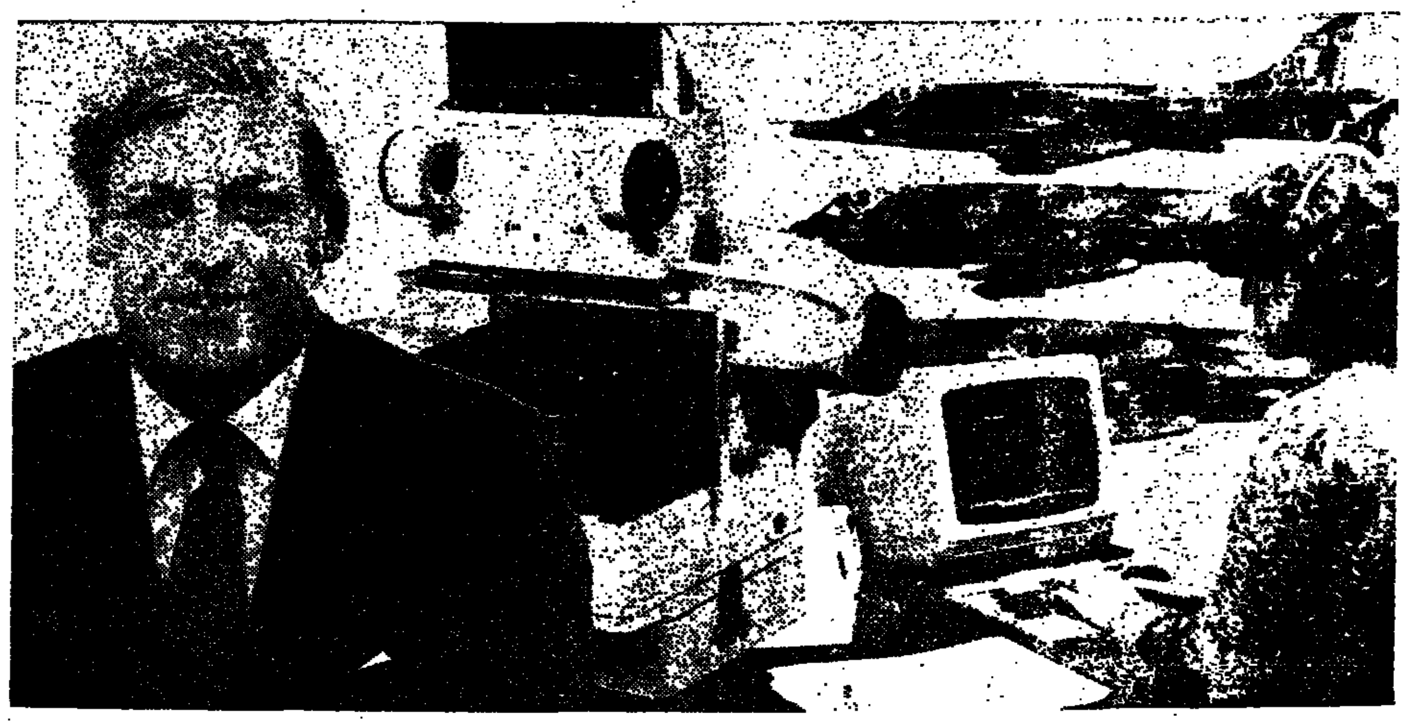
Ad hoc consultation is not a sufficient basis on which to tackle problems of extra-territoriality. What is needed is more advance consultation, more restraint and more consistency in U.S. foreign policy. If Western Europeans had responded more quickly to American demands for discussion on a joint economic policy towards the Soviet bloc made before the Ottawa summit last year, we might not be at loggerheads now. Similarly, the U.S. should have recognised that the unilateral imposition of more severe sanctions for martial law in Poland than those originally envisaged in Nato's contingency plans for Soviet intervention was needlessly provocative to the allies, as was the lifting of the grain embargo.

The last thing the world needs in the midst of the deepest recession since the 1930s is politically inspired barriers to trade that could readily have been avoided. The least effective way for the U.S. to stand up to the Russians is to ensure that Europeans are constantly being hung for American principles that have been inadequately discussed.

FERRANTI

No soft target for a takeover

By Guy de Jonquieres and David Freud



Ferranti's Managing Director, Mr Derek Alun-Jones, with examples of products using Ferranti technology

FROM TODAY Ferranti, one of Britain's leading electronics manufacturers, is stripped of the defensive cordon which has protected it from a predatory takeover for the past two years. Since the National Enterprise Board sold almost half its shares in the company in mid-1980, the 140-odd financial institutions which bought them have been legally barred from selling. That restriction expired at midnight last night.

The NEB stepped in to rescue Ferranti in 1974, when the company was in the throes of a financial crisis. Six years later the Government, anxious to fulfil its promise to reduce state intervention in industry, decided that Ferranti had recovered sufficiently for the shares to be sold. But the precise method of disposal was the subject of keen debate.

Some Ministers argued that the prime objective must be to obtain the maximum price for the NEB's shares, if necessary by selling them as a block to a single bidder. But others —and Ferranti itself—claimed that the national interest was best served by keeping the company independent. Ultimately, the latter view prevailed, and the shares were placed with institutions which were prohibited by a "restrictive covenant" from trading in them.

The release of the shares raises new questions about the future shape of Britain's electronics industry, and particularly of its defence manufacturers. Should the industry be rationalised through mergers

A position of relative security

to produce fewer, bigger, companies which, it might be hoped, would be better equipped to compete on world markets? Or would the industry's commercial edge be kept at its sharpest by encouraging a diversity of suppliers?

Not that Ferranti itself thinks that anything has changed. "We are not looking to be taken over," says managing director Derek Alun-Jones. "If someone wants to bid, that's up to them. But we don't want it and we don't see any good reasons for anyone to take us over."

He speaks from a position of relative security — for the moment, at any rate. Ferranti's shares have more than doubled in value during the past two years, and at yesterday's closing price of 745p the Stock Exchange values the company at more than £300m.

At this level there are very few UK companies with the financial resources to support a bid. The possibility of a foreign company mounting a takeover is virtually excluded because the Government would almost certainly block it in view of Ferranti's importance as a major supplier to the Ministry of Defence.

Ferranti has benefited from the expansion of defence spending under the present Tory Government which has boosted profits of several other leading electronics and electrical manufacturers. The sector as a whole has enhanced its favoured status among investors and many companies are trading at historically high price-earnings ratios. Over the last two years, the FT electricals index has more than doubled.

The Falkland Islands campaign — and the major reassessment of Britain's defence needs which it seems certain to prompt — have whetted Stock Market appetites still further.

Ferranti's latest results, published last week, did not disappoint. Pre-tax profits in the year to March 31 rose by 31 per cent to £23.8m, and City analysts are confident of a further increase to about £29m during the current year. Furthermore, Ferranti has clearly solved the key problem which brought it to the brink of collapse in the mid-1970s — cash flow. In spite of capital expenditure of £22m last year, its net cash hoard rose by £2m to £3.2m.

Ferranti is more dependent than any of its British competitors—with the possible exception of Racal—on defence spending. More than 60 per cent of its turnover goes to military customers, and two-thirds of that is accounted for by the MoD. Its major products include radar, navigational systems, lasers, displays and computers.

The company's largest single division, which also provides the lion's share of profits, is its Scottish Group. This is heavily engaged in developing and making electronic components and systems for fixed-wing aircraft, notably the Anglo-Italian-German Tornado fighter, the Jaguar and the Harrier.

While the Jaguar programme is now running down, Ferranti's workload on Tornado is not expected to peak for about another two years. It also stands to benefit from renewed international interests in the Harrier after its successful performance in the Falklands.

The second largest division, computer systems, is far more dependent on the Navy and has performed less well as a result of the naval cutbacks announced last year. The company has already responded to this reverse by putting more effort into selling overseas. Earlier this year, it won a £49m order from Brazil to supply weapons

> Ferranti is fully valued by the stock market and offers a yield of only 1.6 per cent . . . Any bidder would have to be very confident that it could improve on this performance to justify such a move

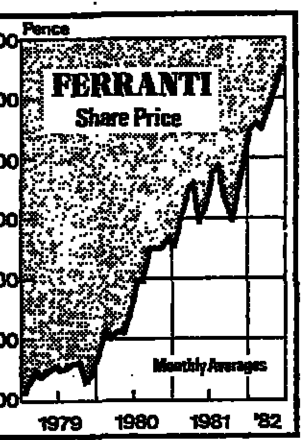
control systems for new frigates—with the prospect of substantial follow-on business in the future.

Mr Alun-Jones is well aware that Ferranti's heavy reliance on defence business could prove a two-edged sword. "I would like the MoD to be a smaller proportion of our overall business," he says. "But with the capability which we have, the strongest demand inevitably comes from the military."

None the less, he has been seeking to position the company in selected civil markets with good growth potential. One of the company's most successful commercial operations recently has been its uncommitted logic array (ULA) chips, which are being used by a wide range of customers, including ICL, Black and Decker and Sinclair, the personal computer manufacturer.

Ferranti can claim to have pioneered ULA technology, which allows microelectronic circuits to be designed to the requirements of individual customers. At present, it accounts for about 30 per cent of a world market which is estimated to be worth $1.5bn by 1985.

Competition has been hotting up. More than 50 U.S., Japanese



and other European manufacturers have now entered the market, or are planning to do so soon. But Ferranti is confident that its considerable experience in the technology and its extensive customer base will ensure that its business continues to grow.

Indeed, demand for its ULA chips is expanding so fast that it has brought forward by two years plans to build a new plant at Oldham, Lancs.

Late last year, Ferranti also took a significant step into the newly-liberalised British telecommunications market. It has set up a joint venture with General Telephone and Electronics, the second largest U.S. telephone group, to develop and make communications equipment in the UK.

For the next few years, the joint venture is likely to absorb more cash than it produces, and it is still too early to forecast longer-term prospects with any certainty. But Ferranti says that it is already benefiting in terms of exchange of technology with GTE, which has also become its biggest U.S. customer for ULA chips.

Ferranti has been quietly forging other U.S. links as well. In the past few years, it has acquired more than half-a-dozen small American companies which can be slotted into its current pattern of business. These include Interdesign, a chip-maker, Spectrum and Curtis, which specialise in chip packaging, and Ocean Research, an under-water sonar systems manufacturer. It has also set up a laser offshoot in California.

This low-level approach parallels Mr Alun-Jones' strategy for gaining a foothold in U.S. defence procurement. He believes that British companies cannot hope to win prime contracts from the Pentagon. But there is room to win orders for sub-systems, such as the display equipment which Ferranti is supplying Bendix for use in the F-18 combat aircraft.

Not all the flowers in Ferranti's garden smell so sweet, however. Though it severed its disastrous involvement in power transformers several years ago, the engineering division remains a headache, making a loss of £2.6m last year. Its West German subsidiary has also fared poorly, while the computer-aided design business has suffered from slack demand.

But none of these problems seems likely seriously to threaten overall growth prospects. For any prospective bidder, Ferranti's over-riding appeal lies in its share of UK defence business. Though no other company has so far admitted having designs on it, three main candidates have been canvassed in the City. They are the General Electric Company (GEC), Plessey and Racal.

GEC, with more than £800m in cash on hand, could clearly afford the £400m price at which any bidding for Ferranti would be likely to start. Speculation has been heightened by the surprise resignation of Mr Sebastian de Ferranti as Ferranti's chairman in March and his unexplained appearance on GEC's main Board.

There is considerable overlap between the two companies' defence businesses, and acquisition of Ferranti would enable GEC to absorb an important competitor. But precisely for this reason, a bid by GEC could invite a referral to the Monopolies Commission and perhaps objections by the MoD, which wants to maintain a choice of principal suppliers.

For Plessey, which has some £240m in cash balances, a merger with Ferranti would certainly extend its product line in several key areas. But Plessey's sights seem set on U.S. expansion, particularly in the field of telecommunications.

That leaves Racal, which now seems close to completing its digestion of Decca, which it bought two years ago. Racal's cash flow is very strong, and it is expected to have eliminated the surge in debt caused by the Decca purchase by the end of this year.

Any suitor would have little to lose by waiting

But unlike Decca, which was taken over while in a financial crisis, Ferranti is fully-valued by the stock market and offers a yield of only 1.6 per cent—below the level available on risk-free Government index-linked stock. So any bidder would have to be very confident that it could improve Ferranti's performance to justify such a move to its own shareholders.

"Ferranti seems to be doing so well on its own, it is hard to see why it would need to be taken over," says Keith Sykes, electronics industry analyst with Greenwell.

But this scenario could be disrupted if a surprise bid were made by an outsider. "On that basis, one could anticipate a defensive response from one or more of the major electrical companies," says Ian Cole, of stockbrokers James Capel.

Unless such a development occurs, though, any potential suitors would seem to have little to lose by waiting. While riding high at the moment, defence stocks tend to be cyclical, and Ferranti could look a lot less expensive in a few years' time.

Men & Matters

Making headway

Rolls-Royce should be able to grow its own chief executives, says chairman Lord McFadzean. "The problem is that it has an outstanding technical staff but opportunities of giving them wider management experience are extremely limited."

Scope, it seems, has now been found to allow a couple of contenders to blossom.

Dennis Head, who joined R-R in 1949 as a graduate apprentice and for the past 10 years, latterly as the £40,000-a-year-plus managing director (operations), has run the Derby aero-engines division, has been moved out. Or, in the polite phrases which resolve personality clashes, the 56-year-old Head "has relinquished his position . . . and has elected to leave the company."

Into the vacant spot, McFadzean has transplanted Peter Molony, the chartered accountant who joined R-R as finance director from Scottish and Newcastle Breweries in 1979.

Molony, with previous experience at IBM, Sea Containers and the Post Office, is 44—and clearly the front-runner now in McFadzean's attempt to rear a new chief executive within the group.

Not the only runner, though. McFadzean is "testing out" others. Notably commercial director Ralph Robins, like Head an engineer and graduate apprentice at Derby, who has been given a seat on the board and is taking over responsibility for marketing policies from vice-chairman Donald Pepper who retires next year. Robbins is 50.

With this second top management shuffle in two years, McFadzean has again noticeably strengthened the executive board's control of operations from London. And, with apparently increased confidence, he predicts that when the new R-R chief executive finally emerges, he will inherit a company fit enough to keep its place in the world market.

Some 9,000 of the Rolls-Royce workforce have accepted voluntary severance in the past 17 months. More are due to go in a bid to raise productivity, with other rationalisation measures, by 30 per cent by 1984.

"It hasn't been a pleasant job," says McFadzean. "But in a couple of years at the most, we shall be as efficient as our American competitors."

Earth magic

Eastern magic has lost none of its power in Hong-Kong—even when it comes to the otherwise pragmatic business of building a new stock exchange.

Hongkong Land, which is undertaking the project, has been through all the oriental rituals that any builder from the colony will tell you are essential if local men are to work on the site.

Thus managing director Trevor Bedford was able to tell a recent shareholders' meeting that the site for the Exchange Square complex had a very good "fung shui."

By these almost untranslatable words, he meant spiritual atmosphere, or vibes—a concept which forms a key part of any Hong Kong surveyor's report. If a site is judged to have a bad fung shui, no local worker will go near it for fear of being cursed by evil spirits.

To capitalise on this good luck, Bedford added that the two tallest towers of the building, to be opened in 1986, had been arranged in such a way as to resemble a pair of hands ready to receive money.

An appropriate shape for a future stock exchange—even if somewhat awkward.

Into space

While the space shuttle Columbia continues on its so far successful fourth and final test flight, the Prudential Insurance Company of America, the country's largest insurance group, is gearing itself up to cash in on what it hopes will be a commercial space bonanza.

The giant insurer has acquired a 40 per cent equity stake in a Princeton, New Jersey, company called Space Transportation which is attempting to put together private financing to buy a fifth space shuttle for about $1bn.

The Columbia, now in orbit, is the first of four shuttles ordered by NASA. The space agency has also sought approval from the Reagan administration for Federal funds to build a fifth shuttle. That request has been turned down and Space Transportation is now seeking approval to acquire such a fifth spacecraft for private commercial use.

The idea would be to rent it out to private commercial users in the U.S. and abroad and pay NASA for launching services.

The proposal is being considered by NASA and a congressional subcommittee on Capitol Hill. But although Prudential believes private ownership of a shuttle represents an exciting new area of investment in the frontiers of space, the defence department, not surprisingly, has already said NASA should maintain its monopoly.

Pride of England

A crisis of national identity — even pride — has broken out in the Commons over the latest map of the European Community.

Tory MP Sir John Biggs-Davison was appalled to see that the Government's official map had left out England, while the UK, Scotland, Wales and Northern Ireland were clearly marked.

Fellow Tory Giles Shaw, speaking on the Environment Secretary's behalf in reply to Biggs-Davison's anxious questioning on the omission, said the map was only designed to show regional planning areas. England as a whole, it was implied, was not one, although its regions were.

This made Tory John Stokes' hackles rise. Was Shaw not aware, he demanded, "that increasingly, unfortunately, there is a tendency to omit, or be shy about mentioning, the words "England" or "English"? Is not that thoroughly disgraceful?"

But Shaw was unmoved. The map was not produced as an editorial matter, but merely for a customer, that being the European Community, he replied.

Scuppered

I should have known better than to challenge Mr Justice Staughton's ruling the other day that pirates do not commit clandestine theft by quoting W. S. Gilbert at him.

A Pirate King writes: "Observer rests his case on the alleged stealthiness of pirates on a little ditty my men sang to a tune by Sullivan ("With cat-like tread . . .").

"I am afraid he would lose on appeal. The song is aired in the second act of the Pirates of Penzance, but at a time when the lads were on dry ground and engaged, in fact, in a spot of breaking and entering."

New lines

"We've got a special offer for you this morning," said the British Rail clerk when I asked for my day return to Moorgate yesterday. "Really, what's that?" I asked — "We've got trains to go with it," he said.

Observer

ECONOMIC VIEWPOINT

What's wrong with the world

By Samuel Brittan

WORTHWHILE ECONOMIC discussion today rarely stays within the confines of a single country. Any attempt to talk about the future of, say, the British, German, French or Japanese economies soon moves into a discussion of the world picture.

One country which does stand out, because of its very great impact on the world scene, is the U.S. There is here a partial return to earlier habits. The old saying was "When America sneezes, the rest of the world gets pneumonia." This used to apply to the effects of U.S. booms and slumps. After an interval of apparently greater independence for other countries the linkage has reasserted itself, but via interest rates more than through fluctuations in the American real economy.

Another feature of the economic scene is that businessmen and financiers are far more worried than economists, politicians or officials of any school of thought. Businessmen can, of course, be wrong; but their worries deserve to be taken seriously, as they are themselves a factor both in output and investment decisions and in the financial markets.

Since the first oil shock of 1973, the whole Western industrial world has been on a much slower growth track. Has anything happened more recently to add to the pessimism of the past decade?

The unquestionable new event has been the extra year that has been added to the world recession. The first oil price explosion was followed by a sharp recession in 1974-75 and a vigorous upturn in 1976. The second oil shock of 1979-80 was followed by a shallower recession which has dragged on much longer.

According to London Business School estimates, industrial production in the OECD world, which was growing by 5 per cent in 1979 fell by 0.3 per cent in 1980, recovered to show a very slight rise of 0.8 per cent in 1981 but is expected to fall back again in 1982—the classic profile of a W-shaped recession.

Even the "normal" growth rates established since 1973 have been insufficient to prevent a sharp trend rise in unemployment from one business cycle to the next. The occurrence of a three-year-long recession has intensified the trend and aggravated protectionist pressures. The latter attempt to maintain employment in traditional industries and thus slow down the readjustments on which ultimate recovery depends.

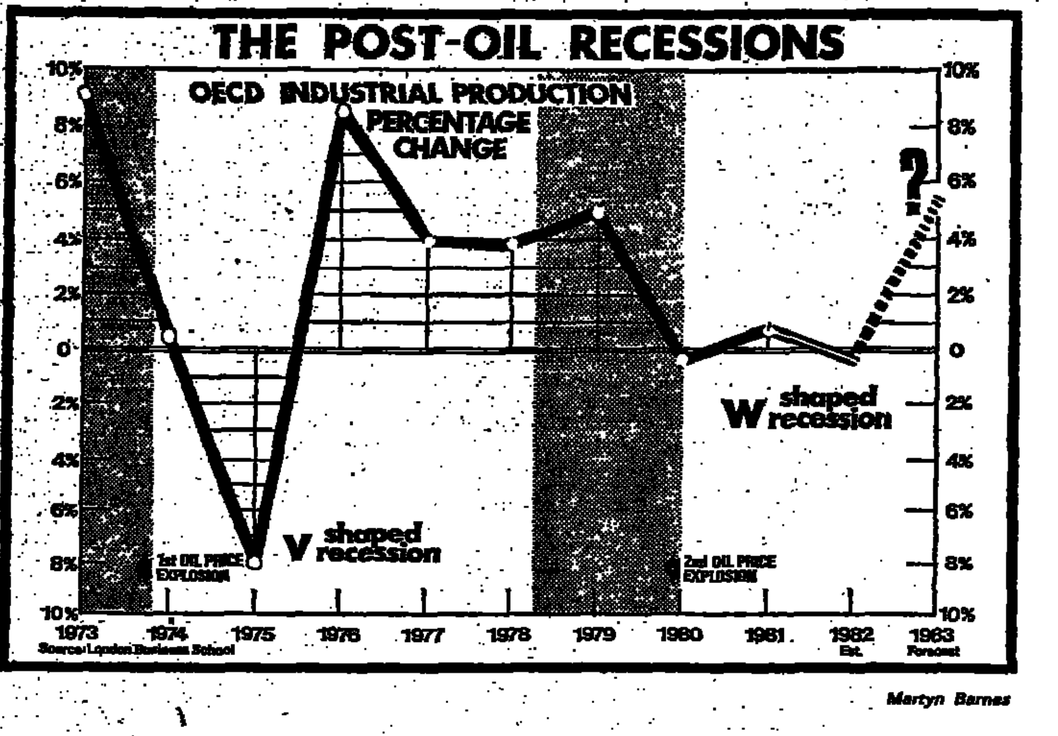
If world industrial growth really does pick up to over 5 per cent next year as the LBS and other forecasters expect, then the present extreme alarm will fade, even though it will take more than one year of recovery to reverse the unemployment trend.

But there is clearly a downside risk that the 1983 recovery may be much weaker, or not occur at all. There are, of course, people influential in the financial markets who talk of depression. Tony Boeckh, of the Bank Credit Analyst, now thinks there is a 75 per cent chance of a "financial crash"—which admittedly is something different.

Last August a poll of 18 U.S. economic forecasting organisations showed an average expectation of a rise in the U.S. real GNP of over 4 per cent in the final quarter of 1981 and the first half of 1982, taken together. The estimated outcome is a drop of over 5 per cent. Over and above the usual margin of error in all forecasts is the particular weakness of most of the forecasting models in being unable to spot radical departures in behaviour, such as a failure to move back towards previous trends after a recession.

The proximate cause of the international deterioration is, of course, to be found in the behaviour of U.S. interest rates. The U.S. rate of inflation is now down to 6-7 per cent, irrespective of the annualised figure, based on one month's movement of the index. On the other hand U.S. short-term interests rates are still over 15 per cent and long-term rates are 14-15 per cent—thus giving a "real" rate of interest of about 8 per cent.

In other countries the real rate is not so astronomical, but high enough. In the UK, Germany, Japan and France it is respectively about 5, 4½, 3½ and 2 per cent. The fairly flat yield curves now prevailing means that the estimate is not very sensitive to whether bond yields or short-term rates are taken as a basis.



Martyn Barnes

Both these estimates and the more normal figures for nominal interest rates show that other countries do not have to have the *same* interest rates as the U.S. Nevertheless U.S. rates undoubtedly pull the others upwards.

Real interest rates in Europe are still very high for economies suffering from recession and long-term debility. Moreover, high real interest rates have aggravated the debt financing problems of developing countries, most of whose debts are denominated in dollars. Thus the two main alarms which terrify the financial markets—that of "country" lending drying up through bankers' fears about creditworthiness and that of a major country default triggering off a chain of banking collapses—are both very much increased by prevailing interest rates.

European monetary authorities are, however, too afraid of seeing their own currencies plunge even further against the dollar to attempt to sever all transatlantic interest rate links. The dollar is, for instance, now at the top of the very wide band of DM 1.5 to 2.5 in which it has fluctuated in the past few years.

European governments are not prepared to let their exchange rates go to hell either in the interests of a Keynesian policy designed to stimulate the real economy or in the interests of a money supply rule. They do not have sufficient confidence either in the validity of the monetary aggregates or their ability to control them to adopt the latter course. Although the UK stands out in the confusion of its monetary indicators the problem is general.

It is indeed doubtful if policymakers in a single country could sever international interest rate linkages even if they tried. Bruno Muller, of the Swiss National Bank, estimated in a paper for the Konstanz seminar that the dominant cause of Swiss interest rate movements was external. The insulation of one country's financial policy from another, confidently expected as a result of floating exchange rates, has not come to pass.

There are several competing explanations of the height of U.S. interest rates. They include (a) the variability of short-term monetary growth (b) lack of belief in the Fed's long-term ability or determination to stick to an anti-inflationary course and (c) fears about the Budget deficit. (On the first point it is good news that the Fed has decided to move to "contemporaneous reserve accounting" as this should remove the monetarists' main technical complaint against the Fed and force both sides to consider fundamentals.)

The three explanations have in common worries on the part of lenders about a re-escalation of American inflation. Such fears have their direct impact on long-term rates but are transmitted to the short end by borrowers who will not commit themselves to paying 15 per cent for a decade or more, in case inflation should after all remain low, or come down further. Thus present interest rates incorporate a high insurance premium, on which both lenders and borrowers insist, against the uncertainty of future inflation.

There is, however, a different non-financial explanation in terms of a world capital shortage. Despite high unemployment and the high levels of unused capacity which appear in industrial surveys, the amount of effective capacity adjusted to today's levels of energy prices, technology and customer requirements, may nevertheless be inadequate. How else can one explain the remarkable resilience of business investment in the UK, despite the severest slump since the 1930s? (Investment volume is now back at its 1980 peak).

Another pointer is the rise of nearly 20 per cent in British import volume since the first quarter of 1981, despite the stagnation of total output and activity. It is difficult to attribute the rise entirely to lack of cost or price competitiveness. For export volume also increased, although by a much smaller amount. It looks as if the recession has accelerated a great many scrapping decisions, which were probably long overdue.

If there is a hunger for capital, it makes it all the more undesirable for the U.S. Government to be siphoning off a growing proportion of world savings to finance a structural budget deficit. It also rationalises the largely instinctive unwillingness of European governments to add willingly to their own deficits as a means of fighting stagnation.

The emphasis on interest rates and capital requirements should not make us forget previous diagnosis of world stagflation in terms of wage rigidities and workers being priced out of labour markets. One recent suggestion is that America suffers from nominal wage rigidity and Europe from a real wage rigidity. This means that in the U.S. money wages take a long time to respond to a tight money policy. In Europe it is difficult to secure wage settlements which do not at least cover the rise in the cost of living. The area which suffers least from either kind of rigidity is South-East Asia, which has maintained rapid growth in the period since 1973.

Interest rates, which are the price of investable funds, are too high, or at least high. So, too, are wages. Which set of prices is then too low?

The answer must surely be the final prices paid for consumer and capital goods. We have arrived by an unfamiliar route at the well-known proposition that profits are too low in relation to a full employment equilibrium; and that the return to the owners of capital has to rise. A sensible radical will not rule out the suggestion on purely political grounds, but he will be very interested in the concentration of capital ownership and in measures to distribute this ownership more widely.

Lombard

Mood changes at British Gas

By Ray Dafter

THERE IS heavy irony in the award last week of the Royal Town Planning Institute's Silver Jubilee Cup for environmental improvement.

The trophy has been won jointly by the British Gas Corporation and Dorset County Council for the development of the Wytch Farm oil field in Dorset. The cup, handed over by Mr Michael Heseltine, Environment Secretary, may soon be the Gas Corporation's only tangible reminder of a widely-acclaimed oil operation.

Under orders from Mr Nigel Lawson, Energy Secretary, the Corporation is about to sell its 50 per cent stake in the field—the largest oil reservoir so far found on land in the UK.

This may seem like rough justice. After all, it was largely due to British Gas that the field was found in the first place. And the Corporation has bent over backwards to *minimise* the impact of development on the unspoiled landscape.

But none of this allows the Corporation to escape from the fact that its business is in gas, not oil. By holding out so doggedly against the Government's plans for reducing its oil interests, the Corporation has made a rod for its own back.

In defending his realm so aggressively, Sir Denis Rooke, the British Gas chairman, has merely made Mr. Lawson more obstinate and determined. To emphasise the point Mr Lawson made it plain a few weeks ago that British Gas would be barred from exploring for oil in the next round of offshore licences.

An exploration company can never be certain whether it will find oil or gas, or indeed a mixture of both. The big Frigg gas field in the North Sea was discovered in a region which was expected to yield oil. Similarly, a number of oil discoveries have turned up in gas exploration areas.

It could be argued that British Gas has no right to be involved in exploration at all; that it should restrict its activities to the inland distribution and marketing of gas. On the other hand there are strategic advantages in the Corporation holding its own reserves, benefits apparently recognised by the Government.

For example, the Corporation's Morecambe Field in the Irish Sea is to be exploited in a way which may not be very attractive to private companies. Gas, and thus cash flow, will be produced mainly during the winter months of peak demand.

In all this there is plenty of ground for reasoned compromise. The Corporation's exploration and production team can still play an important part. But it is naive to think that it will be able to find only gas.

Any oil discovered can be treated in a number of ways. It can be sold to the British National Oil Corporation as part of the country's strategic supplies; the reserves can be auctioned to the highest bidder; or British Gas could set up a subsidiary oil company containing a majority public shareholding.

An observer is left with the impression that these and other options have not been fully explored because the British Gas team, led by Sir Denis, and Government Ministers have been too busy taking swipes at each other.

But the mood appears to be changing. Sir Denis has become less visibly antagonistic. There are signs that the Corporation has accepted that confrontation may be the wrong tactic, at least with the present Government.

Tangible evidence of this can be found in the North Sea where exploration companies have long complained that prices offered by British Gas were too low to justify drilling for natural gas. Those wells which did find gas were largely regarded as commercially unsuccessful. But higher prices now being offered by the Corporation are encouraging a new wave of gas exploration and discovery.

British Gas may point out that it is reacting to the market, recognising the need for new supplies in the late 1980s and 1990s. The Government may argue that its proposals for ending the Corporation's monopoly rights over supplies have caused the change of heart. Both may be true.

But at least offshore gas exploration is on the move again.

Letters to the Editor

The case for a 'job lead' expansion

From Lord McCarthy

Sir,—It may seem ungrateful for a member of the House of Lords Select Committee on Unemployment to criticise your favourable editorial giving support to many of the ideas in our report, but I am afraid you have got three things wrong.

First, we did not advance the case for more training because of the employment effect on "specific groups." More money for training is needed because of what is happening to the overall skill mix. Of course this will have a once for all employment effect in the case of those who become full-time "industrial trainees." But this is not our central point.

Second, we do not propose any "wage subsidies." These are usually advanced as a way of increasing employment in the market sector. But we believe that there is no way of ensuring that they would provide a "net" increase in jobs, and fear they would be unselective and wasteful. More important still, we take the view that the market sector is an unfertile ground for increased employment. It needs to lose labour, in overall terms, if it is to regain and maintain competitiveness.

This leaves the public service sector and those forms of public investment which are labour intensive. They appear to us to be the parts of the economy where there is scope for what we term "long term, low cost, group specific, net job creation." Which brings me to your final error.

Our Committee, which included representatives from all parties, became convinced that unemployment was a long term problem which could get worse, even if the economy revives. It also affects particular groups —notably the unskilled, the handicapped, ethnic minorities and so on. And it is most persistent in certain areas of the country, where there have been high levels of unemployment since the mid-fifties.

To deal with this hard core of long term unemployment we suggest a range of more or less permanent measures, which we try to ensure represent value for money. Most of them would add to essential and depleted public services, or help to make crucial repairs to our out-dated social failure. What we propose is "job led" expansion, on a comparatively modest scale. It would provide another million jobs where they are most needed for an additional cost to the Exchequer of less than £2bn over two years.

You may reject what is proposed because it is too expansive, or because you are a follower of Professor Hayek and believe that any action taken to expand the number of jobs is bound to produce galloping inflation. If that is the case, you should admit, here and now, that you have no remedy for unemployment which is likely to make a significant impact for the next five years at least.

What is incorrect is to suggest that those who advance the cause of long-term, low-cost, group-specific, net job creation are proposing "*short-term* palliatives." That is what has been wrong with most job creation so far. It has rested on the assumption that a large part of our existing unemployment was cyclical, or based on certain transitory features of the economy.

The House of Lords Select Committee rejected that analysis, and set out its reasons at some considerable length. We were asked to "consider and make recommendations on long-term remedies." In my view we have done just that.

McCarthy.
Nuffield College, Oxford.

Strategic arms reductions

From Professor Ian Bellany,

Sir,—The Government's new Defence White Paper released on June 22 came with an undertaking that the happenings in the Falklands since the White Paper was originally written will be analysed for what lessons they may contain for our conventional forces. But something else has happened since the White Paper was first written, as significant in its way for our nuclear plans as the lessons of the Falklands are for our conventional plans, but concerning which the government has so far said very little. I refer to President Reagan's speech at Eureka College on May 9 in which he outlined United States' objectives in the strategic arms reduction talks (START) with the Soviet Union, due to begin in Geneva on June 29.

Mr Reagan stated that the United States' first priority in Geneva will be to secure a cut in the strategic missile warhead totals deployed by the superpowers from the present level of about 7,500 on each side, to 5,000. Of these 5,000, he wishes to see no more than half based on land (in ICBMs). The half at sea (in SLBMs), for the United States, will be mounted on Trident D5 missiles carried in modern, 24 tube, Ohio class nuclear powered submarines. Simple arithmetic shows that were Mr Reagan's goal to be achieved, the United States' SLBM force would be based on only ten or at most twelve modern submarines.

There is no possibility that the Soviet Union could be induced to overlook a British strategic nuclear force of four modern submarines, also carrying Trident D5 missiles, in the context of a treaty-limited American force of twelve similar vessels.

The case, then, for a re-think of the nuclear section of the recent White Paper is simply that British plans to replace Polaris with Trident D5 will be very much on the START agenda whether we like it or not and it is hard to see how these plans could begin to be protected without, as a first requirement, a British seat at Geneva. If, as seems more than likely, the Government cannot obtain a seat, going ahead with the Polaris replacement programme as announced in the secret hope that START will come to nothing does not sound like a very prudent or practical policy towards what the White Paper describes as "the ultimate guarantee of our own security."

(Professor) Ian Bellamy.
Department of Politics,
Fylde College,
Bailrigg, Lancaster.

Bravo to the British

From Mr M. W. Lo

Sir,—I am an inhabitant of Hong Kong and I came to London on the 10th June under the shadow of the Falkland Island crisis. I have followed closely all that had been said in the Press, on the radio and on the television for and against the decision to send a Task Force to recapture the Falkland Islands. Many valid arguments have been advanced for this decision. But it seems to me there is a simple argument which was not explicitly expressed and that is the inherent right of a nation to self defence and to recapture any part of its territory forcefully occupied by an aggressor.

Moreover, in the context of the world situation the decision to send a Task Force was a wise move. The influence of the UK in the Far East has been on the decline since the two World Wars. But the victory in the Falkland Islands has shown to the world that British people led by their Prime Minister have the courage, will and the power to fight and defeat an aggressor and the British Lion can still roar at sea, on land and in the air.

The real enemy to World peace is not Argentina but the Soviet Union, which has already a strong hold in Vietnam and Cambodia and in attempting to infiltrate into other parts of the Far East.

The Falkland Islands victory has a tremendous effect in the Far East and has given great encouragement to the Far East nations to maintain their present status and not to join the Soviet camp.

Bravo to the British people and Mrs Margaret Thatcher.

M. W. Lo.

Government and accountancy

From Professor D. R. Myddelton

Sir,—Certain distinguished people have recently urged that the Current Cost Accounting experiment should not be abandoned in the middle of its three year trial period. No doubt there is merit in a pragmatic "trial and error" approach — as long as the possibility exists of eventually recognising error.

I happen to agree with the English Institute's view that some method of accounting for inflation is needed; and with the statement in SSAP 16 that Current Cost Accounting is *not* a system of accounting for general inflation.

What I am unsure about, however, is whether at the end of the CCA trial period genuine consideration will be given to *all* the alternatives. In particular, if it thinks fit, will the Institute feel free to abandon Current Cost Accounting and to reinstate its original proposals for Constant Purchasing Power accounting? Or do the accountancy bodies still regard themselves as under government instructions to implement a system broadly based on the Sandilands CCA recommendations?

In other words, on this question of inflation accounting is the accountancy profession independent of the government or not?

D. R. Myddelton.
Cranfield School of Management,
Cranfield, Bedford.

Avana Group starts well after profits pass £10m mark

PRE-TAX PROFITS rose substantially at Avana Group in the year to March 31 1982, reaching £10.04m, compared with £5.46m last year. Group turnover surged ahead from £43.33m to £128m. Robertson's Food results are included for the full year.

The directors of the group, a holding company with interests in the food processing industry, say that the market remains fiercely competitive, and new product development will continue to be vital.

The importance attached to this is reflected in certain areas of the group's business, where sales are almost double those of the corresponding period last year.

This has enabled Avana to make a very good start to the current year and the results being achieved are not only ahead of budget but substantially ahead of anything achieved in comparable periods of previous years.

The balance sheet continues to show considerable strength, with no UK borrowings, and the group is in a strong position to take advantage of any suitable acquisition opportunities.

Avana is paying a final net dividend of 3.6p, making 6p for the year. This compares with last year's 5p payout on each 5p ordinary share. Provision for the group's profit-sharing scheme totalled £369,000 (£270,000).

UK tax took £1.37m (£781,000) and overseas tax another £713,000 (£23,000). Attributable profit was £7.55m (£4.58m).

Post-tax profit on a CCA basis is £5.65m (£3.72m) for the year.

See Lex

Oceonics in move to acquire Geomex

Oceonics, a marine electronics company which came to the USM in February, has announced plans to acquire Geomex Surveys, a private company incorporated in Hong Kong, whose business is in the same field as Oceonics.

Profits before tax at Geomex for 1981 were £2.3m, twice the amount reported yesterday by Oceonics for its year to March 1982. However, Oceonics chairman Mr Robert Aird said that it would be unwise to expect profits growth from Geomex to be of the same order as that shown by Oceonics, which are 152 per cent up.

Oceonics' shares were suspended last week at 255p, an all-time high, and almost twice the placing price of 130p. The suspension will not be lifted until the auditors' report on Geomex is completed, which "will not be for at least two months," said Mr Aird.

The purchase consideration will be satisfied by the issue of Oceonics shares, which at the current exchange rate and at the existing price would equate to about £8m.

It is anticipated that about 24 per cent of the enlarged capital will be held by Geomex. Currently about 80 per cent of Oceonics' equity is held by Mr Aird and managing director Mr N. Allen, while Geomex is owned in about equal proportions, by its managing director Mr Max de Rham and a Hong Kong investment company.

About 45 per cent of Oceonics' business is currently in the UK, but after the acquisition this figure is likely to be halved. Mr Aird denied that the rationale behind the deal was a falling-off of North Sea business, which he described as "buoyant."

Gomex has "very little borrowings—it's a cash flow generator which does not require large investment," Mr Aird added. A full quotation for Oceonics "is a natural step for us to take. It is not suitable for for us now, but it is just a question of time."

Yesterday's announcement of £1.1m pre-tax profits from Oceonics was in line with the prospectus forecast of "not less than £1m."

Before the news of the deal, Simon and Coates, brokers to Oceonics, had forecast that profits for the current year would be about £1.7m, putting Oceonics on a p/e of over 30.

BPB Industries advances to £56.5m: lifts payout

SUSTAINED DEMAND for BPB Industries' major building materials products in the UK, France and Ireland, and a successful cost reduction campaign, boosted taxable profits from £42.1m to £56.5m in the year to March 31 1982. Turnover moved ahead from £361.37m to £405.77m.

The year's dividend of this gypsum and plasterboard manufacturer is being raised from 9p to 10.5p net with a final of 6p (5p). Earnings per 50p share are stated higher at 37.5p (32.4p).

A breakdown of sales and profits before interest shows:

Building materials: UK £209.22m (£193.24m) and £34.14m (£27.75m); Canada £44.67m (£30.86m) and £1.29m (£520,000 losses); France and Italy £78.25m (£66.63m) and £10m (£8.05m); and Republic of Ireland £17.08m (£13.59m) and £3m (£2.03m).

Paper and packaging: UK £73.07m (£71.9m) and £6.13m (£3.81m); overseas £23.64m (£19.12m) and £1.54m (£1.15m). Inter-group sales were £40.16m (£33.97m).

The directors say the Canadian results improved in the first half of the year, but the second half was disappointing as the rate of housing starts decreased, and the consequent lack of demand gave rise to unrealistic prices.

HIGHLIGHTS

Lex looks at the Stock Exchange's rather acid response to Professor Gower's discussion paper on investment protection. The column then moves on to three building sector companies. High flying BPB has pushed up profits from £42.1m to £56.5m while the two timber companies Montague L. Meyer and International Timber, which are planning to merge, are having a far less happy time. Avana produced an 84 per cent jump in profits to £10m yesterday but this is entirely due to the remarkable turnround at Robertson Foods. Avana's more established business did not fare very well. Finally Lex takes a look at the curious goings on in the shares of Minet where another large U.S. company took a minority stake yesterday.

Paper and packaging in the UK made a significant recovery from the poor performance of the previous year, and the new glass fibre insulation company made a profit in its first full year of operation.

Capital expenditure totalled £34m and commitments at the year-end were £39m, largely comprising British Gypsum's new plant at East Leake, the construction of which is proceeding as planned.

Taxable profits were struck after interest payable of £3.59m (£3.88m) and included a contribution from associates of £3.99m (£3.71m).

Tax took £21.16m (£11.83m), of which £6.26m (£4.73m) related to overseas. After minority interests of £250,000 (£90,000) and extraordinary debits of £3.55m (nil) for closure costs of Scotboard, the attributable profits emerged at £31.54m (£30.18m). Dividends absorbed £9.91m (£8.41m) leaving a retained balance of £21.63m (£21.77m).

Current cost adjustments reduced the pre-tax profits to £34,000 (£22,000), and earnings per share to 13.9p (10.7p).

At the half year stage BPB Industries produced pre-tax profits of £29.76m (£20.8m) on turnover of £206.53m (£183.64m).

See Lex

Mercury Secs. up at £17.8m

PROFITS AFTER tax of Mercury Securities advanced from £16.12m to £17.79m in the year to March 31 1982: the previous 12 months' figure included £1.21m for activities discontinued in the period under review.

Earnings per 25p share of this group, whose business includes merchant banking—S. G. Warburg and Co—insurance, shipping and employee benefit consultancy, are stated higher at 31.55p (28.77p). The year's dividend is being raised from 7p to 7.7p net.

After minorities of £4.22m (£3.81m), the attributable profits emerged at £13.56m (£14.47m after extraordinary credits of £2.17m). Dividends absorb £3.32m (£3m), leaving a balance added to disclosed reserves of £10.24m (£11.47m). In addition to this increase, undisclosed reserves expanded by £3.25m principally due to exchange adjustments.

The directors say that capital and reserves—excluding inner reserves of the banking companies and excluding the excess of market and directors' valuations over balance sheet amounts of listed and unlisted investments—exceeded £111m (£97m).

Profits after tax were arrived at after providing for diminution in the value of assets and a tarnsfer by S. G. Warburg and Company to inner reserves, and include £7.22m (£5.71m) attributable profits from associates.

A breakdown of these profits shows: merchant banking £15.21m (£12.9m); insurance and shipping £1.73m (£901,000); employee benefit consultancy £723,000 (£596,000); and others £117,000 (£506,000).

During the year S. G. Warburg sold the group's metal trading subsidiary Brandeis, Goldschmidt and Company, the effect of which was reflected in the accounts for the year to March 31, 1981. These incorporated an extraordinary provision of £5m, substantially all of which was attributable to trading losses, before tax relief, to the dates of disposal.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim—Bett Brothers.

Finals—British Tar Products, James H. Dennis, Evans of Leeds, General Electric, Greene King, Routledge and Kegan Paul, Scottish and Newcastle Breweries, Stead and Simpson.

FUTURE DATES

Interims—

Daily Mail and General Trust .. July 15
Macpherson (Donald) .... July 8

Finals—

Amersham International .. July 12
Caledonian Assocd. Cinemas July 8
Ropner .... July 5

● comment

Mercury Securities has reported attributable profits up 10 per cent at £13.6m, in line with expectations. Profits from merchant banking have benefited from the use made of the £30m realised last year from the sale of Brandeis Goldschmidt. The improvement in the performance of associates is due in great part to a recovery in profits from Stewart Wrightson, though A. G. Becker the U.S. merchant bank has reported a net loss of $2m in the eight months to June which would cost Mercury about £170,000. As of today the French Government is expected to announce its intentions as regards possible nationalisation of Mercury's Paribas interests, but day to day trading has not been affected in any way. The company sticks religiously to its dividend cover of 4, so a 10 per cent increase was all that could be accommodated, leaving the shares, up 3p to 205p, yielding 5.3 per cent. This is below the sector average, but Mercury has consistently shown the advantage of conservatism.

Hardys & Hansons edges ahead and raises interim

FOR THE 26 weeks to April 2 1982 brewer Hardy's & Hansons returned taxable profits of £1.2m, a 2.9 per cent improvement on the £1.17m made in the corresponding period a year earlier.

The directors point out that the advance was largely a result of an increase in dividends and interest receivable (£197,000, against £168,000). They say that trade during the period continued to be disappointing, although it was better than the average for the country. Since April there has been some improvement.

Turnover for the first half rose from £6.67m to £7.46m, excluding VAT. Tax paid totalled £625,000 (£607,000) and after same-again preference dividend payments of £8,000 the available balance emerged at £569,000 (£553,000)—last time there were extraordinary credits of £74,000.

Earnings per share were 11.555p (11.235p). The net interim dividend per ordinary share is increased from 3.7p to 4p—a total of 11.9p was paid for 1980-81 from taxable profits of £2.51m. The company has close status.

Coutinho declines to £2.27m

TAXABLE PROFITS of Coutinho, Caro & Co declined from £2.51m to £2.27m for the 1981 year on lower turnover of £113.38m, compared with £126.8m. A final dividend of 4p, however, holds the net total at 8p per £1 share.

The directors say the first five months of 1982 show a noticeable improvement in profit over the same period of the preceding year and, although competition is expected to remain severe, it is anticipated that 1982 will be a markedly better year

In his annual report Mr H. A. Oppenhiemer, the chairman, reveals that order books at the beginning of 1982 were 75 per cent higher than at the outset of 1981

Good prospects at Marinex Petroleum

Unquoted petroleum exploration, development and production company Marinex Petroleum showed a slight rise in pre-tax profit for 1981 to £138,735, against last year's £128,275. There is no dividend for the year.

The board says that the coming year will see the results of exploratory drilling on many of the company's prospects, the majority of wells being financed on a carried basis.

Exploration wells around the UK's Humbly Grove and offshore Spain appear to be excellent prospects, the results of which could have a major impact on the company's future.

Income—interest and dividends received—for the year totalled £580,168 (£360,274).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Avana Group	3.6	Oct 5	3	6	5
BPB Industries	6	Aug 20	5	10.5	9
Brickhouse Dudley ...	2.25	Aug 6	2.25	3.2	3.2
Bristol Stadium	0.75	—	0.6	0.75	0.6
Burns-Anderson ......int	0.6	Aug 13	0.6§	—	2.0¶
Hadland Hldgs‡ ......int	0.84	Aug 9	0.83	—	2.52
Hardys and Hansons int	4	Aug 2	3.7	—	11.9
Hayters‡	1.88	Oct 1	1.88*	—	4.03*
Intnl Timber ... 2nd int	2	—	2	4	4
Montague Meyer 2nd int	1.25	—	1.25	2.5	3
Paterson Jenks	1.71	Oct 1	1.34*	2.33	1.88
Mercury Securities ...	7.7	—	7	7.7	7
Phillips Patents (Hldgs)	1	—	1	1	1
Throgmorton Tst ...int	2.75‖	Aug 17	2.25	—	6

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For nine months. ¶ For 15 months. ‖ To reduce disparity.

Hayters boost as demand rises

THE increased demand for professional grass cutting equipment is reflected in Hayters' figures for the six months to March 31, 1982. During this period pre-tax profits rose from £225,000 to £470,000, and turnover advanced from £2.46m to £3.1m.

The business of Caribbean Cruisers was sold in August and November, 1981 and the results of this company are not included in the above figures.

Apart from grass cutting equipment, the directors say export business was slightly higher than in the comparative period in the previous year, and the welding market remained steady.

The interim dividend is effectively unchanged at 1.875p net—last year's total was an adjusted 4.031p from pre-tax profits of £626,000.

Tax took £198,000 (£40,000) in the first half, and there was an extraordinary debit of £105,000, being the cost of the placing agreement and obtaining permission to deal in the company's shares on the Unlisted Securities Market. Dividends absorb £44,000 (same), leaving retained profits slightly lower at £123,000 compared with £141,000. Earnings per share improved from 7.9p to 11.6p.

In April, Hayters acquired 20.1 per cent of the issued share capital of the Howard Machinery Group at a cost of £1.66m.

● comment

Local authorities have decided that they can afford to buy grass cutting machines again. Hence Hayters' sharp rise in profits. Sales of professional cutting machines are back up level pegging with the smaller cutters fo rthe domestic market. For the profits line the important point is that the margins on professional machines are much fatter than those aimed at the back garden where a battle between the majors has seriously eroded margins. In the second half the weather determines demand. Around the south east it could not be better—intermiten rain and sunshine is just the job to sell lawn mowers. But those conditions are not nationawide and already short time working is creeping into the industry. So it might be unrealistic to expect Hayters to produce much more than £850,000 pre-tax this year. Perhaps the experience of this 12 months underlines the company's vulnerability to the vagaries of local authority spending and a few inches of rainfall. Profits peaked in 1979 at £831,000 only to fall backwards in the following two years. This exposure could be reduced as Hayters and Howard Machinery (in which Hayters has taken a 20.1 per cent stake) hammer out a deal to give the company a wider overseas exposure through Howard's network. The shares rose 10p to 190p yesterday—40p above November's placing price A fully taxed prospective p/e of 10.8 and yield of 8 per cent is fair enough as long as 1981-82 does not turn out to be another peak followed by two years of

Jenks calls for £1m to reduce borrowings

Jenks and Cattell, the engineering and garden tools company, which at the beginning of this year won its contested bid for the much larger Elliott Group of Peterborough, is seeking to raise £1.01m by way of a one-for-three rights issue. The net proceeds, amounting to some £900,000 will be devoted to reducing borrowings, currently around £4.9m.

The group also announces the exchange of conditional contracts for the purchase of the loss-making UK-based Stanley Garden Tools for a nominal sum from the U.S. concern of Stanley Tools.

The board says the issue, involving 4.03m new 25p shares at par, will strengthen the equity base following the acquisition of Elliott, a joinery and relocatable building concern, in a share and cash deal, and the £600,000 cash purchase last October of Burgon and Ball, one of Sheffield's oldest tool makers.

At the same time Jenks reports a pre-tax loss of £40,000 for the five months to December 31 1981. This compares with a £455,000 loss for the six months to the end of January 1981 and a recovery to £22,000 profit in the second half of the year to July 31.

The results for the five months was on turnover of £2.79m (£2.8m) and after interest costs of £70,000 (£160,000). The loss per 25p share was 3.8p (20.1p).

A net interim dividend of 0.5p (same) is to bes paid and the group, which changing its accounting period to the calendar year end, will pay a second interim for the six months to June 30 1982 in October. The new shares will not rank for the latest dividend.

Directors of Jenks and of London Tin Investment Company, a company beneficially owned by Mr D. Cheng, a director of Jenks, have taken up 89.1 per cent of their entitlement amounting to 203,443 shares.

The figures now published include the results of Burgon. Elliott's figures will be consolidated for the six months to June.

For the 13 months to November 28 1981 Stanley Garden Tools showed a pre-tax loss of £156,700 (£105,717) and had a deficiency of shareholders' funds amounting to £308,471, bank borrowings of £870,212, and fixed assets of £264,443. Its freehold land and buildings had a net book value of £161,500 against a 1979 valuation of £360,000.

The board says that, based on management accounts, for the first few months of 1982 and on the level of firm orders for the months ahead it is "reasonably optimistic about prospects for the group."

The group's tool sales have gone well since December but demand for the engineering side's pressings and washers has been flat. At Elliott the bad weather in January and February led to short time working at its Burton-on-Trent joinery factory.

However some pick-up in orders since has enabled full time work to be resumed. Meanwhile its building division has recently obtained some large contracts for delivery later in the year and orders scheduled for delivery between July and October are described as encouraging.

● comment

There was no obvious synergism to be derived from the combination of Jenks & Cattell with Elliott. It was purely a move to reduce Jenks' dependence on the crumbling demand from the motor industry. Therefore it is not surprising that since the takeover no major changes have been made at Elliott which, like Jenks, had been showing some favourable response to earlier surgery. While the proceeds of the rights issue will ease interest costs and bring gearing down from 55 per cent to around 40 per cent it otherwise promises little excitement. Clearly Elliott got off to a bad start to 1982 and the group looks unlikely to have got out of the red for the first six months . For the rest of the year much will depend on an upturn in construction for the relocatable building side which two years ago was clocking up annual profits of some £1.4m. Yesterday the shares slipped 2p to a 1982 low of 30p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	10	28.90	—	—	30	55	$318
GOLD C	$325	17	13	5	25 B	10	38	"
GOLD C	$350	2	5.50	18	16	—	—	"
GOLD C	$375	10	1.90	19	9.50	—	—	"
GOLD C	$400	5	0.60	13	4.90	—	—	"
GOLD C	$425	471	0.20	—	—	—	—	"
GOLD P	$300	—	—	15	12	—	—	"
GOLD P	$350	2	32	1	37 A	3	40	"
12¼ NL 81 87-91								
C	F.110	60	2.10 B	—	—	100	3.50	F.111.20
C	F.112.50	—	—	60	1.20	—	—	"
C	F.115	—	—	7	0.80	—	—	"
P	F.110	35	0.70	51	1.60	—	—	"
10¼ NL 80 86-95								
C	F.97.50	—	—	48	3.70	—	—	F.100.20
11¼ NL 82 88-92								
C	F.100	20	2.50	100	3.20	—	—	F.102.30
C	F.102.50	500	0.80	17	1.50	—	—	"
C	F.105	—	—	100	0.90	—	—	"
		July		Oct.		Jan.		
ABN P	F.280	5	2	—	—	—	—	F.281
AKZO C	F.25	—	—	28	1.30	3	1.80	F.23.80
AKZO C	F.27.50	—	—	2	0.50	13	0.80	"
AKZO P	F.22.50	—	—	—	—	39	0.90	"
AKZO P	F.27.50	4	4	—	—	—	—	"
AMRO C	F.50	—	—	—	—	2	2.20	F.48.90
AMRO P	F.50	—	—	2	3.80	—	—	"
KODA C	$70	—	—	20	7¼	—	—	$73½
HEIN C	F.60	3	0.70	—	—	—	—	F.58.50
HOOG P	F.15	5	1.20	—	—	5	1.90	F.14.30
KLM C	F.80	4	11B	6	15 B	—	—	F.90.70
KLM C	F.90	56	3.40	6	6.20 B	—	—	"
KLM C	F.100	45	0.40	3	4.30 B	2	7	"
KLM C	F.110	5	0.10	14	2.50	—	—	"
KLM C	F.120	110	0.10	—	—	—	—	"
KLM P	F.80	6	0.40	23	2.20	—	—	"
KLM P	F.90	53	2.50	—	—	—	—	"
KLM P	F.100	26	9.80	22	11.50	—	—	"
NEDL C	F.120	—	—	25	3	11	4.50	F.113
NEDL C	F.130	—	—	2	1.50	—	—	"
NEDL P	F.110	5	0.60	4	2.50	—	—	"
NEDL P	F.120	—	—	15	8.20	—	—	"
NATN C	F.115	5	1.60 A	23	3	2	4	F.115.40
NATN C	F.120	—	—	4	1.30	—	—	"
NATN P	F.110	—	—	3	1.90	5	1.80	"
PHIL C	F.22.50	59	0.70	10	1.80	—	—	F.22.90
PHIL C	F.25	—	—	55	0.60	5	1.10 A	"
PHIL P	F.22.50	—	—	20	0.70	39	1.10	"
PHIL P	F.25	—	—	—	—	10	2.40	"
RD C	F.80	5	5.50 B	8	7.60	2	9.60	F.85.20
RD C	F.90	20	0.30	61	2.30 B	84	3.50	"
RD C	F.100	—	—	2	0.30	60	1.40	"
RD P	F.80	11	0.50	206	2	39	3	"
RD P	F.90	108	5	68	6.40	16	6.90	"
RD P	F.100	—	—	3	17 A	—	—	"
UNIL P	F.140	—	—	18	3	—	—	F.143.60
UNIL P	F.160	—	—	10	17	—	—	"

TOTAL VOLUME IN CONTRACTS 3056

A=Asked B=Bid C=Call P=Put

Profits dip to £40,938 at Lincroft Kilgour

A FALL from £65,966 to £40,938 in pre-tax profits is reported by cloth merchanting and menswear manufacturing business, Lincroft Kilgour Group, for the six months to March 31 1981. Turnover fell to £3.86m from £5.58m, which included some £1.2m from the sale of businesses during 1980-81.

Although no interim dividend is declared, the directors are confident that full-year profits will justify a final payment. Last year also saw no interim but a final net payment of 1p per 10p share.

The chairman, Mr Tony Holland, says that depressed trading conditions continued during the first half of the year, and there are still no signs of any upturn. This caused a further cutback in capacity throughout the group, the costs of which have been charged against trading profit — £29,649, against £60,243.

Completion of the sale of the group's freehold interest in its Warwick Street, London property took place in March and the profit—less appropriate taxation—of £298,492 has been treated as an extraordinary item. Repayment of the outstanding loan stock 1996 was made in November, realising a further extraordinary profit of £24,911.

"The decline in sales has been worldwide, although business in the U.S. and Europe has suffered less than in other areas," Mr Holland says. "Trade in the Middle East and Central and South America has been severely depressed

Mr Holland says the group recently acquired premises in Savile Row. These were being extensively renovated to house the tailoring section, comprising Kilgour, French and Stanbury and Bernard Weatherill, as well as the cloth merchanting division and the group's head office. The move is expected to take place in September.

The group is continuing to reduce stocks and working capital to an amount sufficient to finance anticipated levels of trade which will yield an adequate return on capital employed.

The pre-tax figure includes exchange gains of £11,289 (£5,723). Tax took £22,496 (£16,745) and minorities £1,638 (£3,475 credit).

Attributable profit, after extraordinary profits of £326,372 (£11,103 debit), amounted to £343,176 (£41,593). Stated earnings per share, before extraordinary items, were 0.35p (1.1p). Net assets per share totalled 87.36p (78.79p).

Intnl. Timber doubled to £2.5m

SECOND-HALF pre-tax profits at International Timber were £923,000 compared with losses of £839,000 and figures for the full year to March 31 1982 were doubled at £2.46m against £1.11m. External sales of this producer, importer and distributor of wood fell from £188.83m to £181.64m. A second interim of 2p maintains the year's payout at 4p net.

Mr Ronald Groves, the chairman, says the year was a difficult one and it covered a second successive year of "extremely harsh" trading conditions. He adds: "The recession, which is affecting most of the world economies, not only that of the UK, continued if anything with more severity."

The fact that the first half showed a return to profit after the loss-making second half of the previous year was due to the cost reductions achieved earlier, together with a continuance of similar policies.

The second six months were, however, ravaged by the excessive winter conditions, but despite sales being slightly lower, results matched the group's expectations, partly due to the improvement in trading which began to be evident in the last few weeks of the financial year. The output in the construction industry was some 13 per cent below that of the previous year, he says.

The reduction in housing was even greater—19 per cent two years ago, followed by 22 per cent last year. He says the bottom appears to have been reached. Expectations are for 1982 to stabilise at present levels overall, with similar remarks applying to the repair, maintenance and improvement sector but with housing starts improving.

Signs, although slight at present, indicate a moderate improvement ahead, he says, adding, "There are certainly some favourable factors. The public sector borrowing requirement is apparently under control. The rate of domestic inflation is now in single figures and looking to continue downwards. Pay settlements are recognising the needs of the situation and are more restrained. All-in-all, there are hopeful prospects for the economy."

More than a third of the group's sales in the UK are now through a network of Jewson branches supplying timber and building materials. A large proportion of these sales are to the repair, maintenance and improvement sector which experienced a reduction in volume of over 10 per cent. In these conditions, he says, the moderate increase in sales levels achieved an improvement in market share. Although margins were somewhat lower, the contribution was almost up to that of the previous year.

The worsening of trading conditions in the Netherlands was also exacerbated by the bad weather during the winter. The break-even for the year is better than that achieved by most of the group's Dutch competitors.

Group trading profit for the year was £4.07m compared with £2.93m. Realised profits on sales of properties and investments was down from £1.68m to £608,000. Interest charges were £2.21m against £3.5m.

There was a UK tax credit of £123,000 against £7.99m and after extraordinary credits of £1.72m (£264,800), attributable profits were £4.31m (£9.37m). Dividends absorb £1.16m (same), leaving retained profits of £3.15m (£8.2m).

Stated earnings per 25p share fell from 31.6p to 9p but the prior year's figure was arrived at after the release of all UK stock relief deferred tax provisions amounting to £7.1m. If the release had not been made, the earnings per share would have been 6.9p.

At the year end, shareholders' funds stood at £73.16m (£70.68m). On a CCA basis, there was a pre-tax loss of £553,000 (£1.84m).

See Lex

Montague Meyer back in the red

AFTER RETURNING to profit in the first six months with £567,000 pre-tax, Montague L. Meyer, timber importer and distributor, fell back into the red in the second half and for the full year to March 31 1982 recorded a deficit of £1.46m.

The group, which is merging with International Timber, finished 1980-81 £2.75m in the red after notching up a £5.83m deficit in the second half.

Mr Nick Meyer, the chairman, says the adverse results for the second six months of 1981-82 were principally due to the detrimental effect of the exceptionally bad weather in Northern Europe from November to February, the increase on interest rates in the UK and heavy losses incurred overseas.

On the positive side, he points out that the group has substantially improved its performance in most operational sectors at home and has continued to take stringent steps to improve its balance sheet and cash flow. This is shown by the reduction of stocks of £8.7m in the year and a reduction in group debt of £5m.

Turnover for the year slipped from £313m to £304m. The pre-tax deficit was after charging interest of £10.8m (£12.7m) and included a share of profits of associates totalling £219,000 (£682,000).

Tax paid dropped from £2.01m to £741,000, leaving a net at £2.2m, compared with £4.76m—last year there was a credit for minorities of £30,000 and a reduction of £2.3m for extraordinary items.

Stated loss per 25p share emerged at 3.6p (7.8p) and a second interim dividend of 1.25p reduces the total from 3p to 2.5p net. The directors say this takes into consideration the results and future prospects.

Referring to the proposed merger, announced last month, Mr Meyer says the potential for the new group, Meyer International, which will embrace the best aspects of both groups, is considerable and he believes that the portents for the future are "most exciting and stimulating."

It was announced yesterday that the merger is not to be referred to the Monopolies and Mergers Commission.

On a CCA basis the taxable deficit comes through at £4.3m (£8.3m) and the loss per share 8.3p (17.1p).

See Lex

Steady progress at Throgmorton Trust midterm

Pre-tax revenue at Throgmorton Trust, investment trust, improved from £1.52m to £1.82m in the six months to May 31 1982. The pre-tax figure was struck after administration costs and interest charges up from £243,000 to £271,000.

The interim dividend is raised from 2.25p to 2.75p net—last year's total was 6p from net revenue

Net asset value per 25p share has increased from 147.6p to 151.6p, and earnings per share are up from 2.33p to 2.92p.

Gross revenue for the first half improved from £1.76m to £2.09m. Tax was higher at £547,236 (£492,796). Comparisons have been restated.

Hadland reduces deficit marginally to £62,000

MARGINALLY reduced pre-tax losses of £62,000, compared with £66,000, are reported by Hadland Holdings for the six months to April 30 1982. Turnover of the group, a photographic instrumentation manufacturer, improved from £1.75m to £2.1m.

Stated loss per 25p share emerged at 1p (1.1p) and the net interim dividend is 0.84p (0.83p)—a final of 1.69p was paid last time. The company's shares are traded on the USM.

The directors say that during the last three months the full force of the recession hit the company's graphic arts division and, although the level of inquiry and interest was very high, the level of orders received was much lower than anticipated. However, it is believed that graphic arts sales will pick up, although the benefit of this will not accrue to the group this year.

The directors say there are unmistakeable signs of increased demand for the company's instrumentation, video and high-speed camera products and that the company's improved quality assurance will give access to more military contracts. Levels of orders obtained for graphics art products have improved and are in line with monthly forecasts.

There was a tax credit of £32,000 (£34,000) in the first six months and a same-again transfer to debenture redemption reserves of £2,000.

£153,000 Burns-Anderson profit midway

IN THE six months to March 31 1982, Burns-Anderson moved ahead to record a pre-tax profit of £153,000, compared with losses of £227,000 in the nine months to March 31 1981. There was a tax charge of £17,000 this time.

The group, a holding company with interests in steel reinforcements, vehicle distribution, and property investment and development, declared a net interim dividend of 0.6p, the same as for the nine months to March 31 1981. A total of 2p was paid for the 15 months to end September 1981 from pre-tax profits of £133,000.

Brickhouse Dudley lower at year-end

A FALL from £2.18m to £1.28m in pre-tax profits is reported by Brickhouse Dudley for the year to Mearch 31, 1982. With the publication of its figures, the group reports it has reached an agreement to purchase E. W. Avent, a private company based in Calne, Wiltshire. Avent carries on the business of civil engineering contractor, specialising in the laying of gas and water pipes.

Turnover of Brickhouse, a West Midlands manufacturer and distributor of cast iron and steel products for the building and civil engineering industries, was down from £28.99m to £27.61m. At the halfway stage, pre-tax profits were down from a restated £914,000 to £550,000. The final dividend is unchanged at 2.25p for a same-again net total of 3.2p.

Group trading profit for the year was down from £2.29m to £1.32m. Net interest charges amounted to £41,454 compared with £106,864. There was a tax charge of £337,441 against £859,129. After an extraordinary debit this time of £76,784, attributable profits came out at £867,578 (£1.32m). Dividends absorb £479,488 (same), leaving retained profits of £388,090 (£844,701).

Under the terms of the agreement the purchase consideration for Avent is payable as to £1.25m in cash payable on completion; £250,000 to be satisfied on completion by the allotment of ordinary shares of 10p each in the company credited as fully paid. The number of shares required to satisfy this consideration will be calculated by reference to the average of the middle market quotations for the company's ordinary shares as shown by the Stock Exchange Daily Official List during the five dealing days immediately following July 12 1982. If this calculation leads to more than 600,000 shares becoming allotable, the company has the option to allot 600,000 shares and satisfy the balance in cash; £500,000 satisfied on completion by the allotment of £500,000 unsecured loan notes at par in the company repayable in three equal instalments on April 6 1983, October 6 1983 and April 6 1984 and bearing interest at ¼ per cent over the Base Rate of Lloyds Bank from time to time; an annual sum in cash equal to a proportion of the combined pre-tax profits (as defined) of Avent and General Vacuum Services over the four years commencing April 1 1982 subject to an aggregate maximum sum in that period of £700,000.

Interest cut aids Paterson Jenks

A FALL in interest payable from £340,000 to £3,000 helped push up taxable profits of Paterson Jenks from £808,000 to £1.41m in the year to March 27 1982. Turnover of this manufacturer and distributor of chicory and coffee essence and food products advanced from £20.4m to £29.25m.

With stated earnings per 25p share rising to 9.03p (6.44p adjusted for 15.94203p per 100 scrip) basic, and to 7p (4.55p adjusted) fully diluted, the final dividend is being raised from a restated 1.337p to 1.705p net making a higher total of 2.33p

The directors say that all divisions contributed to the improved profitability. Borrowings were down to just over £100,000 at the year end and the company is now in a strong financial position, they add.

Tax took £422,000 (£166,000), while current cost adjustments increased the pre-tax profits to £1.06m (£914,000).

At the half-year stage, the company had jumped ahead with historical taxable profits of £641,000 (£130,000) and turnover of £12.76m (£8.9m).

GRA £116,000 in the red at six months stage

TURNOVER of GRA Group was little changed at £5.42m, against £5.83m, for the six months to April 30, 1982 but at the pre-tax level this operator of greyhound racing tracks plunged from profits of £226,000 last time to a loss of £116,000.

The continuing problems of the recession and unemployment, the extreme weather and severe disruption of transport all contributed to the downturn. It is pointed out that many of these factors have continued since the end of April, but remedial action taken earlier in the year to reduce costs and increase profit margins should begin to show through in the remainder of the year.

The deficit was after interest of £240,000 (£236,000). There was no tax charge (£92,000) leaving the net loss at £116,000 (£134,000 profit before re-listing charge of £63,000). Loss per share was 0.27p (0.31p earnings).

As pointed out in the notes on the accounts for the year to October 31, 1981, the company had a contingent liability to indemnify Giltspur against tax claimed by the Inland Revenue from Giltspur in respect of its disposal to the group in 1974 of its interest in a 26 per cent shareholding in Coral Leisure, later sold by the group in 1977. No provision was made in respect of the additional tax in dispute amounting to some £900,000.

The Inland Revenue have now confirmed that they do not propose to pursue the claim against Giltspur and consequently that contingent liability will not arise.

Bunzl raises bid for Bemrose

Bunzl, the paper and packaging group, yesterday increased its bid for Bemrose Corporation by £2.31m to £16.12m but received a second rejection from the Bemrose board.

The increased offer is 155p nominal of 11.25 per cent convertible unsecured loan stock 1992-94 or 140p cash for each Bemrose ordinary share.

With the loan stock expected to command a stock market price of £90.5 per cent the higher offer is worth at least 140p, Bunzl said.

Bunzl's initial offer, made on May 18, comprised loan stock worth 120p, valuing Bemrose, which has printing and packaging interests, at £13.82m.

The improved offer, which Bunzl's directors described as "final," was rejected by Bemrose as being "wholly unacceptable."

The Bemrose board said it would give detailed reasons for its advising rejection as soon as Bunzl published its revised offer document.

Bemrose also said it would make a profit and dividend forecast for 1982 at the same time.

Bunzl's original dawn raid on Bemrose's shares and its subsequent bid were defeated by competitive buying of the stock which pushed it above the offer level.

Mr Robert Maxwell's British Printing and Communication Corporation subsequently emerged as a major buyer and it announced last week that it held 12.16 per cent.

A decline in the Bunzl share price also reduced the value of the original offer to 113p at one stage.

The increased offer represents a premium of 87 per cent over Bemrose's middle market price ahead of the original bid, Bunzl said.

"We have assessed carefully the current and future prospects of an independent Bemrose and in our opinion this increased offer fully values the company," said Mr Ernest Beaumont, Bunzl's chairman.

Bunzl pointed out that the highest Bemrose price in the past 10 years had been 116p—in 1972—and in the past five years it had not exceeded 95p.

Bunzl's first offer produced acceptances from holders of only 0.8 per cent of the ordinary equity.

Under the revised offer Bunzl is also offering more for Bemrose's £1 preference shares—84p against 80p earlier. The new offer will be open for 14 days from the posting date of the formal document. The cash offer will not be extended beyond that period, Bunzl said.

Bemrose closed at an unchanged 138p yesterday while Bunzl shed 1p to 162p.

BIDS AND DEALS

Campaign to unseat Global Resources board optimistic

BY RAY MAUGHAN

DISSIDENT SHAREHOLDERS of Global Natural Resources claimed yesterday that they had "more than enough" support to win their campaign to unseat the board at the annual meeting on September 13.

Both factions are now embarked on an international "search and persuade" mission to garner sufficient backing before that critical meeting.

Representatives of Bear Stearns, the New York brokerage firm which is co-ordinating the opposition, have arrived in London this week in a further attempt to find holders of Global's bearer shares and to knock down the board's proposed $44m acquisition of McFarlane Oil, the Texas based exploration and development company.

Speaking for the Committee for the Protection of Global Shareholders, Mr Anthony Geller and Mr Stephen Springer of Bear Stearns said the MacFarlane proposals were a 'desperate and transparent attempt by the board to keep control of their little empire."

As known, Global plans to issue 3.25m shares in part consideration for McFarlane which would place 13.5 per cent of the enlarged equity into what the committee fears will be "friendly hands."

"Global could have done the deal for cash, the dissidents stressed. Instead it is issuing shares and diluting existing shareholders at a time when the committee considers that Global shares are under valued."

Mr Geller described Bear Stearns' campaign as "an asset play" because "under improved management the existing assets should be capable of development to ensure a substantial rise both in the net assets of Global and the value of Global's shares."

One of the foremost considerations after a successful shareholder revolt would be the purchase of the group's own shares, a not uncommon occurrence in the U.S. and now permitted under UK law, while the discount to assets remains as large as the Bear Stearns camp believes.

The recent U.S. price has been about $11 while the committee is convinced by the estimate contained in a report by the London stockbroking firm, Rowe and Pitman, that assets are worth $26.90 per share.

What appears to have enraged the dissidents from the outset however, were the transactions undertaken by "certain of the directors indicating their lack of concern for shareholders."

At the beginning, when the U.S. brokers first uncovered Global's asset possibilities, relations with Global chairman, Mr Frank Beatty, where cordial enough. Bear Stearns went so far as to file a copy of Global's balance sheet with authorities in New York to enable dealings in the shares to take place in the U.S. and introduced Mr Beatty to several of the firm's clients.

Yet, the atmosphere cooled dramatically when the brokers discovered what they described yesterday as "a number of troubling anomalies."

These consisted largely of boardroom stock options and prolonged service contracts which the dissidents feel should have been approved by shareholders. However, because the relevant legislation was not changed until shortly afterwards, this was not actually required at the time.

The dissidents believe that they will be able to buy the remaining 1.2m shares held by the trustee for unclaimed shares "very soon." They expect to start legal proceedings to block the McFarlane bid unless all shareholders are given the chance to vote.

Finally a court case is looming in the U.S. against what the committee describes as Global's "misrepresentation" of the dissident group in a series of newspaper advertisements.

The next round in this increasingly bitter proxy fight will probably be played by the boardroom faction, advised by Hambros Bank. The bank's representatives will be attempting to talk to Global's numerous shareholders in West Germany in the next fortnight and circulating shareholders

Bristol Stadium incurs loss for year

A SHARP downturn in the second six months left Bristol Stadium £27,820 in the red at the pre-tax level for the 1981 year, compared with profits of £78,659 previously. By midyear the group, which promotes greyhound racing, had pushed its profits marginally ahead to £56,484, against £51,441.

Turnover for the year advanced from £608,140 to £946,661 but expenditure rose to £970,563 (£528,641), including depreciation of £88,627. Net receipts showed a loss of £23,902 (£79,499 profits) but general betting duties declined from £33,972 to £27,865.

This left the group with an operating loss of £51,767, compared with a profit of £45,527, to which investment income of £23,947 (£33,132) had to be added.

There was a tax credit of £44,541 (£37,852 charge) and extraordinary credits of £762,143 (£14,235) relating to insurance proceeds in excess of written down values on assets destroyed by fire.

Profit available for appropriation of £778,884 (£55,042) has been partly appropriated to the sum of £745,002 being reinvested in building.

The dividend for the year is being raised from 0.6p to 0.75p per 5p share.

Hill Samuel Australia lifts profits 23%

Hil Samuel Australia, the merchant bank, showed a 23 per cent rise in profits for the year to March 31, 1982, from A$5.02m to a record A$6.2m ($6.26m).

The improved performance was due partly to further expansion of the bank's medium-term commercial lending business, and also to greater lending activity in the leasing and property markets.

Its highly successful cash management trust, launched 19 months ago, was not a significant profit-maker, but the bank said it would make a healthy profits contribution in the current year.

Phillips Patents recovers

Phillips Patents (Holdings) staged a recovery for the year ended February 28 1982, with pre-tax profit of £137,637, against a loss of £64,882, though turnover was reduced to £4.38m from £5.17m.

Dividend per 25p ordinary share has been maintained at 1p net and earnings per share were stated as 3p (5p).

Tax was £14,857 (credit £266,337)

Yearlings total £13.75m

Yearling bonds totalling £13.75m at 13¾ per cent bonds redeemable on July 6 1983 have been issued this week by the following local authorities.

Derby City Council £0.5m; Great Grimsby BC £0.75m; East Lindsey DC £0.5m; Monklands DC £0.5m; Cumbernauld and Kilsyth DC £0.25m; Hambleton DC £0.5m; Milton Keynes (Borough of) £0.5m; Ynys Mons Isle of Anglesey BC £0.5m; Dundee (City of) DC £0.5m; Renfrew DC £1m; Sandwell (Metropolitan Borough of) £1m; Copeland BC £0.5m; Hart DC £0.5m; Lothian RC £1m; Sefton Metropolitan BC £0.75m; Bedfordshire CC £0.75m; Inverness DC £0.5m; Newbury DC £0.25m; Oldham Metropolitan BC £1.5m; Sunderland (Borough of) £1m; Tamworth (Borough of) £0.5m.

Rhymney Valley DC has issued £0.25m of 14¾ per cent bonds at par for redemption on June 25 1986.

MINING NEWS

Wage rise for South African black miners

BY GEORGE MILLING-STANLEY

WHILE THE problems over pay for South Africa's white miners still remain to be solved, the country's 500,000 black mineworkers were told yesterday that they will receive wage increases from today. The increases cover employees on gold and coal mines, and some platinum mines.

The Chamber of Mines said that actual rates will be set by the individual mining groups in a series of job categories, depending on the levels of skill, responsibility and experience required.

It seems likely that rises of something over 10 per cent will be paid, with novice underground workers receiving an extra 12.2 per cent at R129 (£65) a month, and starting rates for surface workers rising by 11.1 per cent to R100.

Black mineworkers also receive free board, lodging and other benefits worth an extra R90 per month, according to the Chamber, which sets the general level of increases each year.

Mr Lynne van den Bosch, president of the Chamber, said earlier this week that the overall level of increase accorded to blacks would exceed that given to whites for the 11th year in succession. This is in accordance with the Chamber's policy of achieving a unified wage structure for all those employed in the industry as soon as possible.

As far as the white miners are concerned, the Chamber has offered rises of 9 per cent, but the unions are sticking to their claim of 15 per cent. The Council of Mining Unions, which represents South Africa's 22,000 white mineworkers, is to hold a strike ballot on July 7 after the breakdown of negotiations.

Murchison to reduce antimony production

THE EFFECT of the continued recession on demand for antimony, which is used in electric batteries and flameproof materials, has led South Africa's Consolidated Murchison to cut production.

The company, part of the Anglovaal group, gave no details of the size of the production cut, but said it would bring output more into line with current sales.

Consolidated Murchison added that reduction, which will be put into effect within the next month, is necessary to protect the company's cash position. The March quarterly report revealed that Murchison was now relying on its by-product gold output to continue operating profitably.

Lower profits at Lydenburg

SOUTH AFRICA'S Lydenburg Platinum made net profits of R1.79m (£900,000) in the six months to April 30, down slightly from the R1.92m in the same period of the previous year.

The company's main asset is a holding of 8.4 per cent in Rustenburg Platinum Mines, the results of which have suffered of late from the weakness in the platinum price.

An interim dividend of 12 cents was paid on May 14, compared with 13 cents last time.

Tara plans to boost production

CANADA'S Tara Exploration and Development expects to double ore extraction from its big lead-zinc mine at Navan in Ireland's County Meath this year.

The operation, the biggest lead-zinc mine in Europe, should hoist a total of about 1.6m tonnes of ore, well up from last year

Mr Brendan Hynes, vice-president, told the annual meeting in Toronto that Tara expects to break even in the second quarter of 1982, compared with a net profit of C$273,000 (£123,000) or

Yorkshire Fine's mixed forecast

Yorkshire Fine, the woollen yarn, wall coverings and fabrics group, says it expects to make a loss in the first half of 1982, but anticipates it will operate profitably in the second half.

After a poor start to the year in all the sectors in which its companies operate, there has been an improvement since April in the woollen spinning business of John Woodhead and a return to profitable trading is expected.

The pile fabric business of Yorkshire Fine Fabrics is showing an improvement in orders and a small improvement in margins, Mr A. Haigh, the chairman, says in his annual report.

In the Colne furnishing fabrics division business is seasonal and orders, as expected, are short. But great interest is being shown in new flame retardant fabrics which have recently been introduced to the trade and these should produce benefits in the second half.

The agreed acquisition for wool merchants Sykes Booth for £662,000 will add a profitable comoany to the group and allow Yorkshire Fine to acquire raw materials in a much more effective manner, Mr Haigh says.

The group is studying further moves to reduce borrowings and to increase the amount of capital available, he adds.

The accompanying acquisition document shows all four directors of Sykes Booth have agreed to enter service contracts with Yorkshire Fine. Mr Philip Sykes, Mr Denis Allen Lax and Mr John Stephen Hirst will take five-year contracts, and Mrs Pauline Marie Sykes one of three years.

An extraordinary shareholders meeting has been called for July 23 to consider the proposed acquisition.

Sykes Booth made a pre-tax profit of £57,215 in the six months ended December 1981 on turnover of £1.91m. This compared with profits of £23,089 in the 12 months ended June 1981 on £3.67m turnover.

Yorkshire Fine incurred a pre-tax loss of £16,024 in the year ended December on turnover of £6.81m.

SPAIN

June 30	Price %	+ or −
Banco Bilbao	352	
Banco Central	285	−5
Banco Exterior	250	−50
Banco Hispano	316	
Banco Ind. Cat.	110	−1
Banco Santander	327	−5
Banco Urquijo	180	
Banco Vizcaya	359	−3
Banco Zaragoza	237	
Dragados	104	−5
Espanola Zinc	67	
Fecsa	62	−1.5
Gal. Preciados	28	−1
Hidrola	61.5	−0.7
Iberduero	52	+1
Petroleos	72.5	−4
Petroliber	101	
Sogefisa	6	
Telefonica	69	−1.2
Union Elect.	55.2	

DUCTILE PURCHASE GIVEN APPROVAL

A Glynwed extraordinary meeting approved the acquisition of Ductile. Accordingly, J. Henry Schroder Wagg and Company has announced that its offers on behalf of Glynwed to acquire all the issued share capital of Ductile have become unconditional in all respects.

Acceptances have been received in respect of 92.0 per cent. The offers remain open for acceptance until further notice.

GO-AHEAD FOR GKN OFFSHOOT SALE

The West German Cartel Office has approved the proposed acquisition by Klöckner-Werke AG of GKN's Windsor Plastics Machinery Division. An agreement in principle for the purchase was announced by the company in April.

The Windsor division makes injection moulding machines for the production of high-quality plastic parts. Its main manufacturing plant is near Frankfurt, and it has subsidiaries in the UK and the U.S. It also has a substantial shareholding in R. H. Windsor (India), the major plastics machinery manufacturer in India.

In 1981 the Windsor division had worldwide sales of £30m, of which over £18m was made by the West German subsidiary. The division employs over 1,000 people, including about 500 in West Germany.

The injection moulding machine division of Klöckner-Werke had a turnover of about £58m in 1980-81. The acquisition will enable the division to offer a complete range of injection moulding machines for rubber and plastic products.

CAKEBREAD ROBEY/ RIDLEY'S COAL

Cakebread Robey says discussions are taking place which may lead to the acquisition of Ridley's Coal and Iron Company, a private company operating from Bury St Edmunds, Suffolk.

SHARE STAKES

Johnson Group Cleaners—S. G. Warburg and Company, as an associate of Johnson Group, has bought on behalf of a discretionary investment client 2,500 ordinary Johnson shares at 265p and 500 ordinary at 268p.

Wolseley-Hughes — After the recent placing, the Prudential Corporation still owns over 6 per cent of the issued ordinary shares; the holding of the Norwich Union group is now below 5 per cent.

Berwick Timpo—Following a purchase of 150,000 ordinary, South Yorkshire County Council Pension Fund now holds 500,000 ordinary (8.9 per cent).

North British Canadian Investment—Finance for Industry and its subsidiaries have interests totalling 1,985,990 shares (29.4 per cent).

LONDON TRADED OPTIONS

June 30 Total Contracts 1823 Calls 1561 Puts 262

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	32	—	40	5	—	—	286p
BP (c)	280	16	46	24	12	—	—	"
BP (c)	300	6	1	16	57	24	5	"
BP (c)	330	3	4	6	30	14	—	"
BP (p)	280	5	20	9	15	—	—	"
BP (p)	300	18	24	26	27	30	—	"
BP (p)	330	46	30	50	30	54	—	"
CU (c)	150	6	3	12	—	17	—	138p
Cons. Gld (c)	330	20	—	30	—	38	2	337p
Cons. Gld (c)	360	6	—	13	—	26	2	"
Cons. Gld (p)	330	14	1	27	—	32	—	"
Ctlds. (c)	80	2½	11	5	—	9	—	78p
Ctlds. (c)	90	1	—	3½	65	6	—	"
GEC (c)	800	175	1	195	—	222	—	969p
GEC (c)	900	75	13	105	—	135	1	"
GEC (c)	950	38	45	65	40	98	—	"
Gr'd Met. (c)	220	11	—	15	—	22	2	227p
Gr'd Met. (c)	240	2	—	6	75	12	25	"
Gr'd Met. (p)	214	2½	1	8	8	11	—	"
Gr'd Met. (p)	220	5	—	12	2	15	—	"
Gr'd Met. (p)	240	16	—	21	2	25	—	"
ICI (c)	330	3½	20	13	—	18	1	308p
ICI (p)	330	22	4	28	—	32	—	"
Mks & Sp. (c)	160	5	7	9½	27	15	—	158p
Shell (c)	390	12	—	20	2	28	—	394p
Shell (c)	420	3	10	14	25	20	—	"
Shell (p)	390	9	—	15	2	24	—	"
		August		November		February		
Imperial (c)	80	25½	16	28½	—	—	—	106p
Imperial (c)	90	16½	252	19	—	22	—	"
Imperial (c)	100	8½	210	12½	122	15½	5	"
Imperial (c)	110	3½	56	6½	39	9½	80	"
Imperial (p)	110	6	47	7½	—	8½	—	"
Lasmo (c)	330	6	—	17	5	30	—	294p
Lasmo (c)	360	4	6	11	—	20	—	"
Lonrho (c)	70	6	25	8	10	10	—	72p
Lonrho (c)	80	2	5	4½	40	6	—	"
Lonrho (p)	70	2½	—	4	—	6	15	"
P & O (c)	140	8	1	15	—	20	—	144p
P & O (c)	160	2	—	5	15	10	—	"
Racal (c)	420	35	17	52	—	77	—	453p
Racal (c)	460	15	36	33	5	48	—	"
Racal (p)	430	7	2	18	—	23	—	"
Racal (p)	460	20	—	25	1	30	—	"
RTZ (c)	360	28	23	45	—	62	—	372p
RTZ (c)	390	10	13	26	20	40	2	"
RTZ (c)	420	4	—	12	—	23	6	"
RTZ (c)	460	1½	10	4	—	14	—	"
RTZ (p)	390	30	3	40	—	47	—	"
RTZ (p)	420	54	1	64	—	74	—	"
RTZ (p)	460	94	—	104	3	114	2	"
Vaal Rfs. (c)	40	3¼	—	4½	—	6	10	$40
Vaal Rfs. (p)	40	2¾	—	4¾	—	5¼	10	"
Vaal Rfs. (p)	45	6	1	8	—	8½	—	"
Vaal Rfs. (p)	50	10	10	12	—	12¼	—	"

C=Call P=Put

BASE LENDING RATES

Bank	Rate
A.B.N. Bank	12½%
Allied Irish Bank	12½%
American Express Bk.	12½%
Amro Bank	12½%
Henry Ansbacher	12½%
Arbuthnot Latham	12½%
Associates Cap. Corp	13 %
Banco de Bilbao	12½%
BCCI	12½%
Bank Hapoalim BM	12½%
Bank of Ireland	12½%
Bank Leumi (UK) plc	12½%
Bank of Cyprus	12½%
Bank Street Sec. Ltd.	13½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Beneficial Trust Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	13 %
Canada Perm't Trust	13 %
Castle Court Trust Ltd.	13 %
Cavendish G'ty T'st Ltd.	14 %
Cayzer Ltd.	12½%
Cedar Holdings	13 %
■ Charterhouse Japhet	12½%
Choulartons	13 %
Citibank Savings	¶12½%
Clydesdale Bank	12½%
C. E. Coates	13½%
Comm. Bk. of Near East	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Secs.	12½%
The Cyprus Popular Bk.	12½%
Duncan Lawrie	12½%
Eagil Trust	12½%
E.T. Trust	12½%
Exeter Trust Ltd.	13½%
First Nat. Fin. Corp.	15 %
First Nat. Secs. Ltd.	15 %
Robert Fraser	13 %
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
Heritable & Gen. Trust	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Hongkong & Shanghai	12½%
Kingsnorth Trust Ltd.	14 %
Knowsley & Co. Ltd.	13 %
Lloyds Bank	12½%
Mallinhall Limited	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Roxburghe Guarantee	13 %
E. S. Schwab	12½%
Slavenburg's Bank	12½%
Standard Chartered	‖12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
TCB	12½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Wintrust Secs. Ltd.	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.

* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.

† 7-day deposits on sums of: under £10,000 9½%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.

‡ Call deposits £1,000 and over 9½%.

‖ 21-day deposits over £1,000 10½%.

§ Demand deposits 9½%.

¶ Mortgage base rate.

INTERNATIONAL COMPANIES and FINANCE

Eurodollar bond market makes solid progress

BY ALAN FRIEDMAN

THE EURODOLLAR bond market staged a technical recovery yesterday and prices closed around one point higher on average. Falling interest rates also spurred the Euro D-mark and Swiss franc bond sectors, which registered a ½ point improvement on the day.

The six-month Eurodollar deposit rate fell ⅜ point to close at 15¼ per cent last night, while the Swiss franc six-month level declined by ⅛ per cent to 5⅞ per cent.

Bankers warned however, that yesterday's developments should be taken as a definite trend since they came on the last day of the second quarter. Nonetheless, there were reports of increased Swiss retail investors buying of Eurodollar bonds beyond the bargain-hunting which has characterised the last few days.

Dealers in London covered short inventory positions and this led to the mark-up of several bonds by as much as 1½ points and more. The improvement of the U.S. long Treasury bond on Tuesday also encouraged the Euromarket.

The Eurodollar market opened with dealers marking prices a point higher on average. One dealer commented early in the morning: "The market is on wheels, as they say." He noted that the lack of new fixed-interest bonds helped the market.

A sampling of closing prices last night illustrates the technical rally. The benchmark jumbo $750m Canada issue was up ½ to ¾ point to 97 bid, the Getty Oil 14 per cent 1989 paper was chalked up nearly two points to 96½, and the Saskatchewan 16 per cent 1989 bonds were at 101⅝ bid, up nearly two points on the day. Ohio Edison's 17¼ per cent five-year paper was quoted at a bid price of par to 100½, up more than ½ point.

British Columbia Hydro bonds (14⅜ per cent 1989) closed at 97, up 1½ points on the day and even the lacklustre Canon convertible bonds were up to 92 bid, a one-point rise.

The Euromarket will now be watching today's U.S. Treasury auction to see how successful it is, and if it is followed by a favourable M-1 money supply drop tomorrow, this could lead to a "window" for new issues opening once again. For the time being, most Euromarket participants feel too hurt by the June shake-out to express anything but cautious optimism, the emphasis being on the word cautious.

Daiwa Securities last night announced the terms on a $100m seven-year floating rate note issue for ENEL, the Italian electric utility. The paper carries a spread of ¼ per cent above the six-month London interbank offered rate (Libor) and an option to convert the paper into 13 per cent fixed-interest bonds maturing in 1992.

In West Germany, Emhart Corporation, the U.S. group, launched a DM 100m seven-year bond bearing a 9½ per cent coupon indication and a price likely to be at 99½, suggesting a 9.60 per cent yield. BHF Bank is lead-manager.

The Inter-American Development Bank is also coming to market with a DM 150m seven-year 9⅜ per cent issue through Deutsche Bank. The IADB pre-market quote stood at around par.

The Swiss franc foreign bond market yesterday saw three new private placements, a SwFr 50m six-year 7¼ per cent issue for the European Investment Bank (through Union Bank of Switzerland), a SwFr 40m five-year convertible issue for Daicel Chemical, also through UBS, and a SwFr 35m five-year convertible for Kitz Corporation, bearing a coupon indication of 6⅜ per cent (through Credit Suisse).

Hambrecht launches high tech stock index

By Louise Kehoe in San Francisco

A STOCK index designed to track U.S. high technology growth stocks has been launched by Hambrecht and Quist, the San Francisco investment bank and number one West Coast venture capital source for high technology companies.

The index has been developed to provide investors with a measure of both long-term trends and daily changes. "This grew out of our frustrations with the standard stock indices which bear no relation to what is happening in technology stocks," explained Mr George Quist, co-founder of the company. While others have attempted to set up indices of high growth companies none has so far focussed on high technology.

As an investment tool, the index is expected to appeal to the managers of institutional fund managers of growth holdings as well as those individuals who "gamble" on the stocks of the high tech sector. While the selection of companies to be represented in the index is somewhat arbitrary, the bankers' record of picking the winners in the U.S. electronics and bio-engineering industries will give it considerable authority.

The volatile nature of the high technology growth stocks is clearly reflected in the index, which has been charted back to December of 1973—a mid-point in the economic cycle.

On Tuesday the index stood at 439.92 down 0.9 per cent from the previous day. The compound growth rate since December 1973 was up 18.8 per cent—far different from the general stock index published by Dow Jones which shows a compound growth over the same period of —0.5 per cent.

The index measures the movements of 107 company stock values of the companies followed by Hambrecht and Quist researchers.

Companies will be added or subtracted from the list according to the company's recommendations. When a stock becomes either zero growth by their estimation, or by way of high dividend payments is no longer a part of the high volatility group, then it will be eliminated. New issues will be incorporated.

The index reflects an equal weighting of each of the companies, regardless of its market capitalisation. Thus large companies have no more influence on the index than the smaller ones. High growth companies will however increase their influence on the index—to produce a perpetual growth in the index unless all the stocks decline. "Technology is an ever growing part of the economy," said Mr Cliff Higgerson, partner in charge of research.

U.S. oils back in troubled waters

Paul Betts in New York finds that fast-growing small companies which role on the back of the American oil boom are in deep trouble after a short-lived breather in the industry's continuing decline.

BARELY A month ago, the oilmen in Texas and Lousiana started to look a little more cheerful. The dramatic fall in oil drilling activity at last seemed to be ending, oil prices were beginning to show signs of increasing, and the worst seemed to be over.

But the breather was short-lived, and the U.S. oil industry is back in the doldrums. Drilling is continuing to decline steadily, the major U.S. oil companies are trimming back their huge capital budgets, and some, like Exxon and Mobil, are introducing uncharacteristic austerity measures to the dismay of their employees. Not so long ago, a job at Exxon was regarded as guaranteed life long employment.

The big oil companies are likely to emerge just as strong if perhaps slightly leaner from the recession. But for many smaller companies, it is already proving more than the traditional low point in a highly cyclical business.

Small drillers, oil rig builders, and other entrepreneurial outfits have been feeding on the great American oil boom of the past two years, turning in spectacular profits, growing at dizzy rates, supported by banks prepared to assume at times some pretty wild risks. They are now going bust.

Oil service equipment manufacturers have been auctioning their equipment at distress prices as orders worth millions of dollars are cancelled. Their debt loads have started bursting at the seams. Now, even the larger oil service companies are suffering.

Dreco Energy Services, a $250m Houston oil rig builder, has just filed for protection under Chapter 11 of the U.S. bankruptcy laws. This enables a company to continue to operate while it works out a salvage plan to satisfy its creditors.

Dreco is a classic example of a small entrepreneurial concern that managed to cash in on the oil boom. It started off as a three-man operation in Canada, moved down to the U.S. and expanded in Texas, Louisiana and Utah. It steadily grew and became a favourite of Wall Street.

But by the end of last week, its share price on the American Stock Exchange had fallen from a 12-month high of more than $18 to barely 75 cents.

Dreco, like similar companies, had borrowed heavily to finance its expansion. But the market fell under its feet and its creditors started banging on the door.

The company owes its banks about $70m and its suppliers an additional $55m. But it was two banks in particular, First City National Bank of Houston and the Royal Bank of Canada, which pulled the plug. The Houston Bank was owed $11.5m and the Canadian bank $43.3m. They decided not to extend additional credit to Dreco.

Dreco thus became the biggest victim to date of the recession in the $70bn oil service industry. Apart from the dire state of the industry, the Dreco affair also reflects the major change of heart towards energy lending by the major banks.

Not so long ago, every bank was scrambling to open offices in Houston. The Canadians have been particularly aggressive. But the oil glut, some potentially catastrophic lending, and no short-term prospects of a recovery, have suddenly made the banks extremely cautious in their energy lending practices. They bear in mind Dome Petroleum of Canada, which has accumulated about $5bn in bank debts and is talking over rescue plans with the Government.

Blocker Energy, another Houston concern involved in contract drilling and exploration, said this week it was withdrawing from exploration. It will sell its oil and gas properties and take a $21m second quarter write-down of their value. It now plans to concentrate on contract drilling—its core business which is nonetheless expected to show a $6m operating loss in the second quarter.

The major oil service companies have also suffered although their viability and long-term profitability is questioned by few. They have been the victims of a major sell-off by both small and institutional investors.

Many on Wall Street believe the sell-off has been overdone, especially with companies like Schlumberger, still highly profitable and regarded as the Rolls-Royce of the business.

Nonetheless even the mightiest are expected to show lower than expected second quarter earnings. Hughes Tool, one of the most venerable of all companies in this group, said last month that it had laid off 1,400 employees or about 10 per cent of its staff.

Hughes Tool also puts out the oil industry's bible—the Hughes Tool rig count. The latest rig count figures, in a sense, tell the whole story. A record 4,530 rigs were at work in the final week of last year. That number is now down to 2,906 rigs.

Hart, Schaffner & Marx moves ahead

By Our Financial Staff

PROFITS OF Hart, Schaffner & Marx, a leading U.S. men's clothing maker and retailer, increased to $5.89m or 67 cents a share, in the second quarter ended May 31, from $5.44m or 63 cents a share in the corresponding period last year. Sales rose from $185.1m to $194.4m.

Six-month earnings rose from $13.8m or $1.60 a share to a record $16.7m or $1.91 a share.

Air Florida to ground jets and reduce routes

BY OUR FINANCIAL STAFF

AIR FLORIDA confirmed that it plans to ground seven of its 29 jets and lay off hundreds of employees by September.

Mr David Lloyd-Jones, president, said, however, that the company's plans for the cuts were not yet complete.

The company plans to stop flights between Miami and Providence, Rhode Island, and one other city to be identified later. It will also reduce services to other cities, including several in Central America.

Lay-offs could total up to one-third of the airline's 2,49 staff.

Air Florida, once the fastest-growing U.S. airline, lost $14.7m in the first quarter of this year. It had a deficit of $5.9m for the whole of 1981, compared with a profit of $5.7m in 1980.

Canada Development sees loss as recession bites

BY ROBERT GIBBENS IN MONTREAL

THE Canada Development Corporation, once the Federal Government's major instrument to development Canadian-controlled industry, is feeling the impact of the recession severely.

CDC is a holding company with operating subsidiaries in oil and gas, petrochemicals, pharmaceuticals, mining and metals, industrial controls, word processing equipment, and bio-technology. It has assets of C$7.1bn (U.S.$5.4bn). Its latest acquisition, was Savin Corporation of the U.S. for C$75m.

Mr. Tony Hampson, president, warned the annual meeting in Vancouver that CDC could show a loss of up to C$50m for 1982. At best, it could have a very small profit.

In the first quarter, it lost C$24.9m, against a profit of C$43.7m of C$1.04 a share a year earlier.

The second quarter has been worse, Mr Hampson said. The main problems were low metal prices and high interest costs on the heavy debt load built up in recent acquisitions of the Canadian assets of Texas Gulf of the U.S. and of the Elf Aquitaine oil group of France.

The Federal Government owns 49 per cent of CDC on a fully-diluted basis. Because of controversy over its policy aims for the company, the Government last month said it would sell its interest.

The Government started CDC ten years ago with a C$322m investment. However, because of depressed share prices and the recession, no timing for the disposal had been revealed. The Government will retain its right to the CDC name.

Mr Hampson also said that some CDC operating assets may be sold "in an orderly fashion of they do not fit in the long long term strategy"

U.S. Treasury $4bn note auction brings high yields

BY OUR NEW YORK STAFF

THE U.S. Treasury has auctioned $4bn in new four year notes for an average yield of 14.96 per cent.

This is the highest yield in a four year note auction since the 15.91 per cent average yield at a similar notes sale in September last year. The yield is also higher than the 14.05 per cent average yield at the last four year notes auction in March.

The higher yield reflects the market's continuing anxieties over the heavy Treasury financing needs, estimated by some analysts at about $100bn for the second half of this year.

The market had expected a yield averaging between 14.95 per cent and 15 per cent for the latest auction. The sale of the notes at the lower end of this range gave the market some comfort, although trading has been thin and hesitant, and dealers said the fundamentals remained bleak.

The auction was part of a $17bn package of notes and bills the Treasury is selling this week.

The $9bn auction of three and six months bills on Monday also resulted in much higher yields than in a similar auction the previous week. The average rate on the three-months bills was 13.269 per cent against 12.588 per cent, and the rate on the six-months bills rose from 13.031 per cent to 13.419 per cent.

The Treasury will complete this week's package today with an auction of $4bn of seven-year notes.

The pressure on interest rates was reflected in the decision by a number of major U.S. banks to raise the broker loan rates. Chemical Bank on Tuesday increased its rate to 16 per cent from 15½ per cent and was followed by Continental Illinois.

Gulf United may sell insurance subsidiaries

By Richard Lambert in New York

GULF UNITED, a Florida conglomerate, is considering the disposal of its life insurance subsidiaries, which have a book value of more than $800m.

The board has retained Lehman Brothers, Kuhn Loeb, and Smith Barney, Harris Upham and company, the investment banks to help it decide on the possible sale.

Apart from its insurance interests, Gulf United owns a number of television and radio stations. These are being consolidated into a new subsidiary, a move which Gulf said would "facilitate any spin-off of the broadcasting properties."

Gulf's shares rose $2¼ to $23 after the news.

Basic Resources and Hispanoil in Guatemala deal

BASIC RESOURCES International has agreed, subject to the approval of the government of Guatemala to sell with effect from January 1 this year a 33 per cent working interest in a petroleum exploration and development project in Guatemala to Hispanica de Petroleos (Hispanoil), the national oil company of Spain, AP-DJ reports from New York.

Basic Resources discovered two oilfields in Guatemala and constructed a 50,000 barrel per day pipeline from the oil fields to the shipping terminal on the country's east coast. The company previously transferred a 43 per cent working interest to Elf Aquitaine, the national oil company of France.

As consideration for the sale, Hispanoil will assume the obligation for its pro rata share—approximately $6.3m of the pipeline loans outstanding, and will pay its pro-rata share of all costs of exploration development and production as from January 1. The budget for 1982 is $85m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13.

Closing prices on June 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	99¾	100¼	+0⅛	+1⅛	14.98
Amax Int. Fin. 15¾ 92	75	97	97½	+0⅛	+1½	16.79
Amex O/S Fin. 14⅞ 89	75	93½	94	+0⅛	+0½	15.77
APS Fin. Co. 16⅝ 89	75	99¼	99¾	+0⅞	+1⅛	16.90
ATT 14⅝ 89	400	101⅝	101⅞	+0⅜	+2	13.85
Baker Int. Fin. 0.0 92	225	25½	26	+0½	+1⅛	15.09
BHP Finance 14⅛ 89	150	94¾	95¼	+1⅛	+1⅝	15.97
Bk. Amer. NT SA 12 87	200	89¼	89¾	+1½	+1½	15.24
Bk. Montreal 14½ 87	100	95	95½	+0⅜	+0⅛	15.94
Bque. Indo Suez 15 89	100	94⅛	95⅛	+0⅛	+1⅛	16.26
British Col. Hyd. 14⅜ 89	200	96	96½	+0½	+1⅛	15.66
Burroughs Int. 15⅜ 88	50	99¼	99¾	+0⅛	+1½	15.82
Canada 14⅜ 87	750	96¾	97¼	+0⅛	+0⅜	15.27
Canadair 15½ 87	150	99¼	99¾	+0⅛	+0⅞	15.59
Canadian Pac. 14⅜ 92	75	94½	94⅝	+0½	+0⅞	15.77
Carolina Power 16½ 89	60	100¼	100¾	+1⅛	+2	16.33
CIBC 16 87	100	99¾	100¼	+0½	+0⅛	15.96
Citicorp O/S 15 84/92	100	99	99½	+0⅛	+1⅛	15.39
Citicorp O/S 15⅛ 85/97	125	99¼	99¾	+0½	+1⅛	15.62
CNA 15⅞ 97	75	95⅜	96⅛	+0½	+0⅜	16.59
Con. Illinois 15⅝ 89	100	98⅞	99⅜	+0⅜	+0⅜	15.97
Duke Pwr. O/S 15⅛ 89	60	94½	95	+0⅛	−0⅛	15.80
Dupont O/S Cap. 0.0 90	300	34⅞	35⅛	+1	+2	14.84
ECSC 14⅜ 87	50	96	96½	+0⅛	+1⅛	15.87
EIB 15½ 89	150	97⅞	98⅜	+0⅛	+1	15.92
Eksportfinans 14½ 89	50	93⅜	93⅞	+0½	+1	16.07
Gen. Elec. Credit 0.0 92	400	27½	28	+1⅛	+2⅛	14.24
Gen. Elec. Credit 0.0 93	400	24	24½	+0⅛	+2	14.26
Getty Oil Int. 14 89	125	94⅛	95⅛	+0⅛	+0⅛	15.19
GMAC O/S Fin. 16 88	150	99⅝	100⅛	+1⅛	+2	15.96
GMAC O/S 15⅜ 85/97	100	98⅛	98⅝	+0⅛	+1⅛	15.93
GMAC O/S Fin. 15 89	125	95	95½	+0½	+0⅜	16.16
GMAC O/S Fin. 15 87	100	97⅛	97⅝	+0⅛	+0⅞	15.77
Gulf Canada Ltd 14⅜ 92	100	94⅛	94⅝	+0½	+0⅛	16.88
Gulf Oil 14⅜ 94	175	96⅝	97⅛	+0⅜	+1⅛	14.79
Gulf Oil Fin. 0.0 92	300	27⅜	27⅞	+1	+2⅛	14.28
Gulf States O/S 16 90	60	96	96½	+0⅛	+0⅛	16.85
Int-Am. Dv Bk 15⅛ 87	55	95¾	96⅜	0	+0⅜	16.20
Japan Dev Bk. 15½ 87	50	101⅛	101⅝	+0⅛	+1⅛	14.85
New Brunswick 16⅛ 89	75	100¼	100¾	+1⅛	+2⅛	16.05
Ontario Hydro 14⅜ 89	150	96¼	96¾	+0½	+0⅛	15.56
Pac. Gas & El. 15½ 89	45	99¾	100¼	+1⅛	+1⅛	15.45
Phillips Petrol 14 89	200	93½	94	+0⅛	+1⅛	15.51
R.J. Rynlds. O/S 0.0 92	400	26¾	27¼	+1⅛	+2	14.55
Saskatchewan 16 89	125	100	100½	+0⅜	+1	15.88
Shell Canada 14⅜ 92	125	94¼	94¾	+0½	+0½	15.47
Spain 15⅜ 87	100	99⅛	99⅝	+0⅛	+0⅛	15.88
Superior O/S Fin. 14 89	125	92⅛	92⅝	+0⅜	+0⅛	15.88
Swed Exp. Cr. 15⅛ 89	100	97⅞	98⅜	+0⅛	+0⅛	15.66
Swed. Exp. Cr. 14½ 90	100	94⅛	94⅝	+0⅜	+1	16.03
Swed. Exp. Cr. 0.0 94	200	19⅝	20⅛	+0⅞	+1⅞	14.69
Texas Eastern 15⅜ 89	80	101	101½	+1	+2	15.42
Union Carbide 14⅜ 89	150	95⅛	95⅝	+0⅛	+0⅛	15.81
Wells Fargo I F. 15 87	75	97⅛	97⅝	+0½	+1⅛	15.72
World Bank 15⅜ 88	250	97⅛	97⅝	+0½	+0½	15.88
World Bank 14⅜ 87	500	94⅞	95⅜	+0⅛	+1⅛	15.76

Average price changes... On day +0⅛ on week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 9⅛ 92	150	98⅞	99⅜	+0⅛	+0½	9.40
Australia 9⅜ 91	300	102⅞	103	+0⅛	+0⅜	8.94
Australia 9⅛ 91	200	103	103⅛	+0⅛	+1⅛	8.79
Austria 8⅜ 92	100	94⅞	95⅜	+0⅞	+1⅛	9.14
Barclays O/S In. 8⅜ 94	100	95	95½	+0⅞	+1⅛	9.04
Canada 8½ 89	200	101	101½	+0⅛	+1	8.24
Comp. Tel. Esp. 10½ 92	100	100½	101	0	+0⅛	10.35
Cred. Foncier 8⅜ 92	100	96⅜	96⅞	+0⅛	+1⅛	9.28
Denmark 10 88	100	101⅛	101⅝	0	+0⅛	9.62
Denmark 10⅛ 92	100	101⅞	102⅜	−0⅛	+0⅛	9.74
EDF 9⅞ 92	100	100	100½	0	+0⅛	9.80
EEC 9⅝ 94	200	101⅜	102⅛	+0⅛	+0⅛	9.49
EIB 8⅜ 92	100	94⅞	95⅜	+0⅛	+1	9.14
Int-Am. Dev Bk. 9 92	150	97⅝	98⅛	+0⅛	+0⅞	9.29
Ireland 10⅛ 86	100	101	101½	+0⅛	+0⅜	9.70
Nacnl. Financiera 11 90	150	96⅛	96⅞	+0½	+0½	11.86
Philip Morris 8⅛ 90	100	99⅜	99⅞	0	+0⅜	8.29
Quebec 10⅛ 92	150	102⅜	103⅛	+0½	+0⅛	9.66
Renfe 10 92	100	99⅜	99⅞	+0⅛	+1⅛	10.07
SNCF 8⅞ 92	100	95⅞	96⅜	+0⅛	+1⅞	9.23
Tauernautobahn 9⅞ 94	50	101½	102	0	+0½	9.69
World Bank 9½ 89	100	100⅜	100⅞	0	0	9.39
World Bank 8½ 92	200	94⅞	95⅜	+0⅞	+1⅛	9.25

Average price changes. On day +0⅛ on week +0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6⅛ 92	100	100⅝	101	+0⅛	+0⅞	6.13
Asian Dev. Bank 7 92	100	100	100⅛	−0⅛	+0⅛	6.98
Auraine 7⅜ 92	80	96	96½	+0⅛	−0⅛	8.32
Australia 6½ 94	100	103¾	104	+0⅛	+1⅛	6.03
Cse Nat. l'Energie 7 92	100	101	101½	−0⅛	+0⅛	6.83
CFE-Mexico 8⅛ 92	30	98	98⅛	+0⅞	+1⅛	8.53
Co-op. Denmark 8⅞ 92	25	103½	104	−0⅛	+0⅛	7.80
Crown Zellrch 6⅛ 92	100	100	100⅛	+0⅛	+2	6.73
Europarat 7⅛ 97	100	101	101⅛	+0⅛	+0⅛	7.08
Ind. Fund Finland 6⅛ 92	30	98	98½	−0⅛	+0⅛	7.02
Japan Dev Bank 6 94	100	99½	99¾	+0⅛	+2⅛	6.04
Kobe City 6½ 92	100	100⅛	100⅜	+0½	+1⅞	6.05
Kommunlans 7½ 92	35	100⅛	100½	−0½	+1	7.19
Mitsui OSK 6½ 92	100	100	100⅛	+0⅛	+1⅛	6.48
National Pwr. Co. 8 92	30	105⅜	105½	0	+1⅛	7.49
New Zealand 6 92	100	101	101⅛	+1	+1⅛	5.85
OKB 7⅛ 92	100	101⅞	103⅛	+0⅛	−0⅛	7.23
Ost. Postspar 7½ 92	100	102⅝	103	0	+0⅛	7.07
Philip Morris 6⅛ 92	100	102⅝	102⅞	+0⅛	+0⅛	6.25
Philip Morris 6⅛ 94	100	101⅜	101⅞	+0⅛	+1	6.07
Quebec 7⅜ 92	100	105⅛	105½	+0⅛	+0⅛	6.60
Renfe 7⅛ 92	70	96⅞	97	−0⅞	−1⅞	8.22
Sekisui Pre. 5⅜ 82 WW	80	103⅜	103⅝	0	−1⅛	5.26
Soc. Lux. de Cnt 6⅞ 97	80	106⅛	106½	−0½	+0⅛	7.05
Tiroler Wasser 6⅛ 92	100	96⅛	96⅝	+0⅛	−0⅛	6.74
Vorarlberg Kraft 6⅜ 92	50	103	103⅛	+0⅛	+0⅛	6.31

Average price changes .. On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅛ 92	15	97	97½	0	+0⅛	8.65
Int-Amer. Dev. 8⅜ 91	15	101⅛	102⅛	−0½	+0⅛	9.58
Japan Airlines 7⅜ 87	9	95⅛	95⅝	+0⅛	−0⅛	9.08
New Zealand 8⅛ 87	15	99½	100⅛	0	+0⅛	8.47
World Bank 8⅛ 92	20	98¼	99	0	−0⅛	8.58

Average price changes .. On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†96	96½	0	+0⅛	16.89
Can. Pac. S. 16⅛ 89 C$	50	†96½	97	−0⅛	−0⅛	17.17
Cred. Foncier 17⅛ 89 C$	30	†98⅜	98⅞	−0½	−0⅛	17.47
Gaz Metro. 17⅜ 90 C$	20	†95½	96	−0⅛	−0⅛	18.21
OKB 16½ 88 C$	63	†95⅛	95⅝	+0½	+0⅛	17.51
Q. Hyd. 16½ 89 (My) C$	50	†98⅛	98⅝	−0⅛	−0⅛	16.85
Quebec Prov. 16½ 89 C$	50	†98⅜	98⅞	0	+0⅛	16.79
U. Bk. Nwy. 9½ 90 EUA	18	90⅛	92	0	+0⅛	11.21
Amro Bank 10 87 Fl	150	98¾	99¼	+0½	+0⅛	10.25
Bk. Mees & H. 10 87 Fl	75	97⅝	98⅛	+0⅜	−0⅛	10.56
Eurofima 10½ 89 Fl	50	99⅛	99⅝	+0⅛	0	10.59
Ireland 10½ 87 Fl	75	97⅛	97⅝	+0⅛	−0⅛	11.17
Phil. Lamps 10⅜ 87 Fl	100	99⅜	99⅞	+0⅛	+0½	10.33
World Bank 10 87 Fl	150	97⅝	98⅛	+0½	+0⅛	10.57
OKB 14 86 FFr	400	92⅝	93⅛	0	−0⅛	16.68
Solvay et C. 14⅜ 86 FFr	200	92⅜	93⅛	+0⅛	0	17.48
Beneficial 14⅜ 90 £ (D)	20	87⅞	88⅜	+0⅛	+0⅛	16.90
BNP 13½ 91 £	15	92⅝	93⅛	−0⅛	+0½	14.90
CECA 13½ 88 £	20	94⅜	95⅛	+0⅛	+0⅛	14.75
Fin. Ex. Cred. 13⅜ 86 £	15	96⅜	96⅞	−0⅛	+0⅛	15.02
Gen. Elec. Co. 12½ 89 £	50	91½	92½	−0⅛	0	14.41
Hiram Walker 14⅛ 86 £	25	97⅜	98⅛	0	+0⅛	14.87
Norsk Hydro. 14½ 87 £	30	98½	99⅛	+0⅛	+0⅛	14.83
Privatbanken 14½ 88 £	12	95⅜	97	−0⅛	+1½	15.45
Québec 15½ 87 £	35	101	102	−0⅛	0	14.98
Reed (Nd) NV 16⅛ 89 £	25	103⅜	104⅛	+0⅛	+0⅛	15.64
Royal Trustco 14 86 £	12	97⅜	98⅜	0	+0½	14.57
SDR France 15½ 92 £	30	99½	100⅛	+0⅛	+0⅛	15.48
Swed. Ex. Cr. 13⅜ 86 £	20	96⅞	97⅞	+0⅛	+0⅛	14.65
Eurofima 10½ 87 LuxFr	500	95	96	+0⅛	−1	11.65
EIB 9⅜ 88 LuxFr	600	92⅝	93⅝	+0½	+1⅛	11.45

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅜ 92	0⅛	98	98½	15/10	15.69	15.97
Bk. of Tokyo 5⅜ 91 (D)	0⅛	98⅜	98⅞	8/12	15⅛	15.40
Bk Nova Scotia 5⅜ 93	0⅛	98⅝	99⅛	29/10	15½	15.30
BFCE 5⅜ 88	0⅛	98½	99¼	28/10	15	15.15
BFCE 5⅜ 87	0⅛	99⅛	99⅜	27/7	16⅛	16.33
BNP 5⅜ 89 WW	0⅛	98⅛	98⅝	6/11	15.19	15.44
Caisse Nat. Tele. 5⅜ 90	0¼	98⅞	99⅜	21/10	15⅜	15.89
CCCE 5⅜ 2002	0⅛	98⅛	98⅝	11/12	15⅜	15.61
CEPME 5⅜ 92	0¼	98⅞	99⅜	10/12	15.44	15.57
Chemical NY 5⅜ 94	‡0⅛	99	99½	23/9	16.69	16.81
Cont. Illinois 5⅜ 94	‡0⅛	98⅝	99⅛	24/9	16⅛	16.54
Credit Agricole 5⅜ 97	0⅛	98⅞	99⅜	24/9	15.44	15.57
Credit du Nord 5⅜ 92	0⅛	98⅜	99⅛	23/12	16.81	16.98
Credit Lyonnais 5⅜ 97	0⅛	99	99½	1/10	16	16.12
Credit Nat. 5⅜ 94	‡0⅛	98⅛	98⅝	9/9	14.69	14.91
Denmark, Kngdm. of 92	0⅛	†99	99⅛	26/8	15.44	15.57
Ireland 5⅜ 89/94	0⅛	†98	98½	25/11	14⅜	15.01
Kansallis Osake 5½ 92	0⅛	98⅝	99⅛	6/11	15.31	15.49
Lloyds Eurofin 5⅜ 93	§0⅛	98⅞	99⅜	29/10	17⅛	17.28
Long Term Cred. 5⅜ 92	0⅛	98	98½	29/11	14⅜	14.89
J. P. Morgan 5⅜ 97	§0⅛	98⅝	99⅛	12/8	14⅜	14.77
Nat. West Fin. 5⅜ 91	§0⅛	99⅛	99⅝	15/7	15.19	15.26
New Zealand 5⅜ 87	0⅛	99	99½	7/10	15.56	15.68
Nippon Credit 5⅜ 90	0⅛	99	99½	10/8	16.06	16.18
Offshore Mining 5½ 91	0⅛	98⅝	99⅛	2/12	14.19	14.35
PKbanken 5 91	0¼	99	99½	17/12	15.81	15.93
Scotland Int. 5⅜ 92	0⅛	98½	99	23/9	15⅜	15.57
Sec. Pacific 5⅜ 91	0⅛	98⅝	99⅛	24/11	15	15.17
Societe Generale 5⅜ 95	0⅛	99	99½	1/9	15.31	15.43
Standard Chart. 5⅜ 91	0⅛	98½	99	18/11	14⅞	15.06
Sweden 5⅜ 89	0⅛	99	99½	26/8	15.31	15.43
Toronto Domin'n 5⅜ 92	0⅛	98⅞	99⅜	11/8	16⅛	16.52

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅜ 96	7/81	933	84⅛	85⅛	+2⅛	8.65
Bow Valley Inv. 8 95	4/81	23.12	†95½	97½	−2	68.64
Bridgestone Tire 5½ 96	3/82	470	84	85½	+0⅛	−0.88
Canon 7 97	7/82	748.2	92⅛	93⅛	+0⅛	0.77
Canon 6½ 95	1/81	829	86½	88½	−0½	21.58
Chugai Pharm 7⅛ 96	7/82	709.6	98⅝	100⅛	+0⅛	2.08
Fujitsu Fanuc 4½ 96	10/81	5641	80½	82½	+0½	13.51
Furukawa Elec 5⅜ 96	7/81	300	82	83½	0	−6.35
Hanson O/S Fin. 9½ 96	8/81	1.36	†83	84	−2	−12.88
Hitachi Cable 5⅜ 96	2/82	515	86⅛	87⅛	+1⅛	7.01
Hitachi Cred. Con. 5 96	7/81	1612	76⅛	77⅛	−0⅛	11.01
Honda Motor 5½ 97	3/82	841	82⅛	83⅛	+1⅛	5.46
Kawasaki 5⅜ 96	9/81	229	62	63½	+0⅛	13.56
Marui 6 96	7/81	846.4	97½	99	−0⅛	3.37
Minolta Camera 5 96	10/81	828.4	62	63½	+0½	36.17
Minorco 9⅜ 97	5/82	8.16	†76½	78½	+0⅛	36.75
Murata 5⅜ 96	7/81	2168	67	68½	+1⅛	18.88
NKK 6½ 96	7/81	188	70⅛	71⅛	+0⅛	−21.86
Nippon Chemi-C. 5 91	10/81	919	61	63	0	21.83
Nippon Electric 5⅜ 97	2/82	846	87	88½	−0½	10.30
Orient Finance 5⅜ 97	3/82	1205	85½	87	−0½	1.51
Sanyo Electric 5 96	10/81	652	65½	67	+1½	14.77
Sumitomo Elec. 5½ 97	3/82	577.3	83⅛	85⅛	−0⅛	10.16
Sumitomo Met. 5⅜ 96	10/81	296.1	62½	64	−0⅛	38.47
Swiss Bk. Cpn 6⅜ 90	9/80	191	71½	73½	+0½	28.20
Konishiroku 6 90 DM	2/82	585	101⅞	102⅞	+1⅛	10.00
Mitsubishi H. 6 89 DM	2/82	263	90⅞	91⅛	+1⅛	27.15

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

German engineer names new chief

By Jonathan Carr in Bonn

MANNESMANN, the West German steel pipe and mechanical engineering group, yesterday announced that Dr Franz-Josef Weisweiler, 53, is to become chairman of its executive board from July next year.

The supervisory board agreed that Dr Weisweiler should succeed Dr Egon Overbeck, who has been with the company since 1962 and will next year reach the retirement age of 65.

Dr Weisweiler is at present executive board member responsible for technical development—in a group which last year had a turnover of more than DM 15bn and more than 106,000 employees.

He has been with Mannesmann since 1970.

Dr Weisweiler has also become a national figure because of his role in wage negotiations as president of the iron and steel industry's employers' organisation.

SHARP FALL IN CAR SALES

VW suspends output at U.S. plant

BY KEVIN DONE IN FRANKFURT

VOLKSWAGEN, West Germany's leading car maker, is being forced to close down production at its U.S. assembly plant for several weeks during the summer in order to cope with the drastic fall in sales.

The decision to extend the usual two to three-week summer break to a six-week halt in car assembly follows earlier moves to cut daily production levels and make around 1,750 workers redundant.

Daily output at VW's assembly plant at Westmoreland, Pennsylvania has been reduced progressively to only 724 vehicles compared with a production of 1,040 units a year ago.

The steep fall in sales of the locally-produced Rabbit (sold as the Golf in Europe) and pick-up models has still led to a rapid rise in stock levels, however, with VW of America now holding around four-and-a-half months stocks for the Rabbit.

Sales this year (to June 20) of the Rabbit have plunged to only 42,271 units compared with 79,246 in the same period last year, a fall of 46.5 per cent. At the same time sales of the pick-up collapsed to only 6,704 units from 16,788 vehicles

VW of America could well fall back heavily into loss in 1982 following a deficit of DM 89m ($36m) in 1980 and a nominal profit of just DM 1.2m last year. The prolonged recession in the U.S. car market combined with its own particular sales problems has already forced the company to postpone indefinitely the commissioning of its second assembly plant at Sterling Heights, Detroit.

Operations at Sterling Heights were originally planned to begin this summer.

The assembly lines at the Westmoreland plant will be idle for six weeks from the beginning of August with 3,500 production workers of the local 4,600 staff temporarily laid off. Output has already been halted for 12 weeks this year to try to bring stock levels down in line with falling demand.

VW is still holding to its medium-term strategy of capturing around 5 per cent of the U.S. car market. For the moment, however, it appears powerless to halt the fall in sales even through drastic price reductions.

The market share of VW cars—including imports—in the U.S. has dropped to 1.9 per cent so far this year compared with 2.6 per cent in the same period of 1981. The overall share of VW of America—including Audi and Porsche imports—has fallen to just 2.6 per cent compared with 3.2 per cent a year ago.

U.S. sales of VW models imported from the Federal Republic have fallen sharply too this year with a decline of 29.4 per cent to 29,478 from 41,771 in 1981 (up to June 20).

Over the last year VW of America has laid off 1,350 of its workforce, including 400 salaried staff, cutting its U.S. workforce to little more than 8,600 from a total of more than 10,000 a year ago.

As part of the consolidation of its U.S. operations, VW is speeding up the transfer of its sales and marketing activities from New Jersey to the corporate headquarters at Troy, Michigan, near Detroit.

Swedyards expects smaller loss

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

SVENSKA VARV, the Swedish state-owned shipbuilding group known as Swedyards in English, expects to improve its performance "appreciably" this year. It will still run at a loss but this will be substantially lower than the SKr 1.84bn ($302m) deficit recorded last year on a group turnover of SKr 7.1bn.

One reason for the better outlook outlined in the 1981 annual report released yesterday is that orders for ships and offshore structures were secured by the three main yards last year at prices which covered production costs. Another is that payment of SKr 2.5bn by the Government on earlier guarantees has reduced the group's indebtedness.

Nevertheless, net interest charges, which were as high as SKr 983m last year, will continue to be negative and Mr Erland Wessberg, managing director, reiterates his plea for a reinforcement of the group's equity by the Government.

This is a controversial issue. Under the five-year restructuring plan which started in 1980, the State has already committed more than SKr 2.4bn to Svenska Varv and an additional sum of just over Skr 1bn to cover the costs of closing down the Öresund yard at Landskrona.

But it has not met the condition included in the restructuring plan that Svenska Varv should maintain an equity ratio of 25 per cent. At the end of 1981 the group equity ratio had fallen to 6 per cent.

The parent company's equity was down to SKr 785m and SKr 115m had to be transferred from the reserves to cover the year's losses. The Government would have to find some SKr 3.5bn to restore Svenska Varv's equity ratio to 25 per cent.

In the first two years of the plan losses have been larger that anticipated. In December the group had outstanding loans totalling SKr 10.7bn, of which about 60 per cent were in dollars. It also had claims on the State amounting to almost SKr 4.8bn.

Most group subsidiaries are scheduled to show operating profits in 1982.

Hachette to return to the black this year

By David Housego in Paris

HACHETTE, the French publishing company now independent of the Matra arms group which has been taken over by the Government, expects to return to profit on both its consolidated accounts and at parent company level this year.

Announcing this yesterday, M Jean-Luc Lagardere, chairman of Hachette, revealed that consolidated losses for 1981 had been FFr 15.4m ($2.3m) or smaller than expected. In 1980 Hachette recorded a FFr 10.4m profit.

The parent company last year made losses of FFr 109.4m after FFr 50m net earnings in 1980. However, the group attributed these to the exceptional circumstances of its major FFr 81.3m early retirement scheme, which will result in future in substantial cost savings: and to large provisions made for subsidiaries as part of its reorganisation programme.

M Lagardere said the group aimed to become one of the major European communication companies through its diversification into audiovisual equipment. The group would be producing new data processing material with Matra, various products for television and full-length fiction films for the cinema.

As part of the agreement with Matra when the arms group was nationalised, Hachette was taken over by leading shareholders of Matra.

Indesit recovery gets underway

BY JAMES BUXTON IN ROME

INDESIT, THE Italian home electrical product manufacturer which came close to financial collapse in 1980, has announced a small profit for calendar 1981.

In the first year in which the company was in controlled administration, a form of receivership, it made profits of just over L1bn ($721,000) on turnover of L265bn. The figure was reached after allowing L17m for depreciation.

Sig Mario Nobili, chairman, said the profit came despite a loss of L8bn on electronic goods. Some 60 per cent of Indesit's sale were made abroad.

The company said comparisons with previous results were inappropriate because of its controlled administration and the fact that it had changed its accounting period.

The financial problems of 1980 stemmed partly from the collapse of export markets and partly from internal problems. The company which had hitherto enjoyed the boom in home electrical products was forced to lay off half its 1,500 workforce.

The company now claims to have updated its raneg of products, which include washing machines and refrigerators. It hopes that there will be a recovery in the electronic goods sector, which concentrates mainly on televisions, thanks to an agreement on production sharing with Zanussi, the main Italian home electrical products maker, and other smaller manufacturers.

Strong profits increase at Buitoni

By Our Financial Staff

ITALIAN food products and paper processing group, Industrie Buitoni Perugina, boosted net profit to L2.2bn ($1.6m) in 1981 from L1.20bn.

Revealing the figures at the annual meeting in Perugia, the company said it would distribute an 8 per cent dividend on its "savings shares" or non-voting preferred shares, which translated into a dividend of L160 a share on common stock issued before January 1, 1981, unchanged from 1980, and of L27 a share on stock issued November 1, 1981.

Net turnover in 1981 rose 16 per cent to L678bn, while its Italian operations showed a 10 per cent rise to L331bn. Turnover in its foreign operations rose 23 per cent to L370bn

The group has founded on the merger in 1969 of Perugina, famous in Italy for its chocolate, and Buitoni, makers of pasta and other foods.

Stanbic pays R17m for key to control of Unisec

BY OUR JOHANNESBURG CORRESPONDENT

IN A surprise move Standard Bank Investment Corporation has acquired effective control of Unisec, the South African industrial holding company.

Stanbic achieved this by buying 67.5 per cent of Tolux, the Luxembourg registered holding company, for R17.3m ($15.1m). Tolux owns 33 per cent of the equity of Hesperus which in turn holds 41 per cent of Unisec. On April 1 Stanbic bought 19 per cent of Hesperus for an undisclosed amount. It now therefore has absolute control of Hesperus and—with support from friendly minority shareholders—of Unisec.

Stanbic, the holding company for South Africa's largest bank, is just over 50 per cent owned by Standard Chartered of the UK.

Unisec was the target last year of an unwelcome takeover bid by the South African investment company Sage Holdings which finally obtained a 20 per cent stake at a cost of R22m. Sage sought a seat on Unisec's board but was turned down at the company's annual meeting yesterday.

Sage representatives questioned Unisec's directors at the meeting and it voted against each motion put by them. In particular, Sage opposed a proposal that 24m unissued Unisec shares be placed under the control of the Unisec board.

Sage has still to decide on its strategy now that prospects of controlling Unisec have disappeared.

Unisec has to decide on the deployment of its liquid assets. At the end of 1981 it had net current assets of R46m. In 1981 it earned an attributable after tax profit of R18.4m. At yesterday's closing price of 350 cents in Johannesburg, Unisec's shares have a total market value of R148m.

Belgian court sequesters St-Roch shares

By Our Financial Staff

THE BELGIAN commercial court in Namur has ordered the sequestering of shares held by the nationalised French company, Saint-Gobain, in the Belgian glass-making company, Saint-Roch.

The court said the decision followed a suit filed by a group of French Saint-Gobain shareholders known as Acsyngo. Saint-Gobain holds a 51 per cent stake in the Belgian company.

It is thought that the French shareholders may have taken legal action because they are dissatisfied with the price set by the French Government for buying out private shareholders in Saint-Gobain.

Special gains lift Paul Y Construction

BY ROBERT COTTRELL IN HONG KONG

PAUL Y Construction Company has reported attributable profits for the year ended March of HK$145.3m (U.S$24.6m) a 74 per cent rise from the prior year HK$83.1m. The total included a pre-tax operating profit of HK$76.6m,up 34 per cent, and an extraordinary profit of HK$69.4m against extraordinary gains of HK$30.7m in the year to March 1981.

Adjusting for last year's one-for-five scrip, operating earnings per share rose from 41.8 cents to 55.9 cents.

The company proposed a final dividend of 17 cents per share, making a total of 24 cents for the year. Compared with 1981's adjusted 17.5 cents, the dividend represents a 37 per cent increase.

A one-for-three scrip is proposed, and the directors say that subject to unforeseen circumstances the company expects to at least maintain the dividend on the increased capital.

● Associated Hotels, which yesterday announced a HK$650m syndicated loan to finance development projects, has reported attributable interim profits for the current year of HK$56.6m, again HK$172m for the six months ended March 1981. Earnings per share are down to 44 cents from last year's HK$1.47.

The company warned last year that its schedule of project completions would mean a bumper profit for the year to September 1981, but a lower result in the current year. Profits on sales of units in Associated's Malden Court residential complex contributed HK$139m at the interim stage last year, but only HK$4.6m this year. Hotels and shopping arcade rental profits were higher this year, at HK$40m compared with an interim HK$35.6m last year, Associated owns and runs the Hong Kong Hyatt Regency hotel.

Associated proposes an interim dividend of 14 cents per share, compared with 15 cents plus a special cash bonus of 12 cents at the halfway stage last year.

VONTOBEL EUROBOND INDICES

14.5.76 = 100%

PRICE INDEX	22.6.82	29.6.82	AVERAGE YIELD	22.6.82	29.6.82
DM Bonds	94.84	94.91	DM Bonds	9.342	9.330
HFL Bonds & Notes	97.73	97.28	HFL Bonds & Notes	10.329	10.424
U.S. $ Strt. Bonds	88.20	87.28	U.S. $ Strt. Bonds	14.523	14.746
Can. Dollar Bonds	90.57	89.75	Can. Dollar Bonds	15.763	15.945

Currency factors depress Nissan group net profits

BY YOKO SHIBATA IN TOKYO

NISSAN MOTOR, Japan's second largest vehicle maker, and its 48 consolidated subsidiaries have reported a 4 per cent fall in group net profits to Y101.66bn ($398m) for the year ended March. A major cause was a loss at its Mexican subsidiary arising from the sharp devaluation of the peso, plus other adverse currency factors.

Group pre-tax profits, however, rose by 25 per cent to Y228.58bn.

In total, Nissan had a group foreign currency loss of Y16.54bn compared with a gain of Y26.36bn a year earlier.

A fall in sales at Nissan Diesel also contributed to the dip in net profits.

Group sales rose by 6.9 per cent to Y3,901.22bn ($15.6bn). A fall in sales volume was offset by higher export prices. This coupled with the yen's depreciation against the dollar, helped generate the higher pre-tax profits. Operating profits rose by 45 per cent to Y252.26bn.

Nissan uses Japanese accounting principles for consolidating the results of its subsidiaries. This tends to give a less accurate picture of the group than consolidation by U.S. accounting rules would.

As previously reported, Nissan's parent company net profits for the year ended March rose by 0.2 per cent to Y86.07bn on sales ahead by 6.1 per cent to Y3,199bn.

Nissan said that because of uncertainties in the economic outlook at home and abroad and in foreign exchange rates it was unable to make a detailed group results' forecast.

It hopes, however, to at least maintain income and sales at about the levels of the last fiscal year.

Earnings at Ricoh decline by 31.5%

By Our Tokyo Staff

RICOH, the Japanese manufacturer of copier and other business machines and cameras, has reported a 31.5 per cent fall in net profits for the year ended March to Y11.14bn ($43.5m).

Profits before tax fell by 18.5 per cent to Y27.3bn although sales rose by 15 per cent to Y349.66bn ($1.37bn).

The growth of copiers sales slowed, achieving only a 9.5 per cent rise to account for 69 per cent of total turnover. Ricoh said demand for copiers was sluggish because of the economic recession and prices had fallen because of intensified competition.

Ricoh's new line of business, facsimile machines, posted a 38 per cent rise in sales to account for 9 per cent of turnover. Sales of communication equipment jumped by 62 per cent.

Overseas sales were strong, rising by 22 per cent to account for 35 per cent of turnover. Domestic sales rose by 12 per cent to account for the balance.

In the current fiscal year the company expects a second-half recovery in copier sales. On an unconsolidated basis, the company's capital outlay for the current year will total Y23bn against Y16.2bn in the previous year. As a result, higher depreciation charges are expected to reduce profits. Unconsolidated sales are expected to grow by 9 per cent. But unconsolidated operating profits are expected to fall by 5 per cent.

Merged Toyota makes a start

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S largest motor vehicle maker starts a new life today as Toyota Motor Corporation, ending its 32-year division into two companies, one for production and the other for sales.

The new company is expected to record sales of about Y4,500bn ($17.6bn) in the coming 12 months, making it the largest Japanese manufacturing company in terms of turnover.

In terms of output, Toyota overtook in 1979 Ford Motor of the U.S. as the world's second largest car maker. Last year, Toyota produced 3.22m cars compared with 4.63m made by General Motors, the world leader.

The Toyota group was divided into a production arm and a sales arm in April 1950, at a time when the group was under severe financial strain. Today, Toyota has the reputation of enjoying an overwhelmingly strong financial position. The two halves of the group, however, do not appear to have "meshed" with each other successfully in the recent past, with the result that Toyota has lagged behind its competitors in responding to external challenges.

The company also has been slow to invest overseas and to react to new engineering trends such as the current Japanese vogues for front-wheel drive and turbocharged engines.

A major purpose of the merger is to enable the group to react more swiftly and effectively to what are expected to be increasingly difficult conditions in both the Japanese and the world car markets in the next few years.

Toyota claims a 29 per cent share of the Japanese vehicle market, making it easily the largest company in the industry. Its world market share is put at 8.6 per cent.

The company is said to be aiming to achieve a 10 per cent world market share—but the chances of this being attainable without a shift towards a more globally oriented production strategy seem rather slim.

The president of Toyota Motor Corporation—the merged group—is Dr Shoichiro Toyoda, a son of the founder of Toyota Motor Company. Immediately before the merger, Dr Toyoda was president of Toyota Motor Sales Company, the marketing arm. His experience, however, has been mainly in production rather than sales.

Australian panel calls for stockbroking reforms

BY MICHAEL THOMPSON-NOEL IN SYDNEY

SWEEPING changes to the Australian stockbroking industry were called for yesterday by the Trade Practices Commission.

In a draft determination on stock exchange rules and practices, the commission says it opposes the existing system of fixed brokerage fees. It also endorses calls for fewer restrictions on entry to stock exchange membership. This could lead to the incorporation of stockbroking companies rather than the existing partnerships, and to the admission to stock exchange membership of institutions such as banks and life offices.

The commission's draft report is likely to be bitterly resisted by the Australian Associated Stock Exchanges, and by brokers, though it was greeted last night, by the Australian Merchant Bankers' Association, as "a victory for the average Australian investor."

The ASSE may indicate its response in the next few days, though its chairman, Mr Ian Roach, said last night: "There is not a great deal we can say. We have put our case." The association had advised retaining fixed fees and limited access to exchange membership.

In the TPC's view, the unfixing of brokerage rates would benefit all investors, improve the industry's efficiency, and leave the smaller Australian exchanges—Brisbane, Adelaide, Perth and Hobart — relatively unscathed.

Local loyalties

The TPC says it would be difficult for their bigger rivals, Melbourne and Sydney, to undercut them and that they have lower costs and overheads and strong local loyalties. They would be "well placed to prosper."

The procedure now is for the TPC is call a conference of interested parties, if so requested. Following discussion, the TPC then publishes a final determination, which is subjected to appeal to the Trade Practices Tribunal.

Submissions to the TPC were invited last July. It received 45, including those from AASE, individual broking firms, AMBA, the London Stock Exchange and the National Companies and Securities Commission.

The TPC says the stock exchanges and brokers focused on the public benefits derived from the exchanges' central role in the capital market, arguing that changes would cast doubts on the system.

Specifically, they claimed that unfixed brokerage rates would boost the market power of the big institutions: that small investors would have to pay more, that price competition among brokers would lead to diminished service to small investors, and that there would be undesirable structural change, leading to fewer brokers and a draining of funds away from the smaller exchanges.

In the longer term, it was argued, admission of institutions — banks, life offices, merchant banks — to stock exchange membership would result in a concentration of market power and a centralising of corporate fund-raising—equity and debt—into too few hands.

Price competition

In deciding not to support the exchanges' fixed scale of brokerage commission, the TPC says in its draft conclusions that it is of the view that "replacing fixed rates with unfixed rates (at all levels) would bring benefits to all investors (including small investors), improve the efficiency of the industry, and not affect the continuance of the exchanges in Perth, Brisbane, Adelaide or Hobart."

It makes it clear that it is out of sympathy with apprehensive brokers "facing the prospect of price competition from which they have been protected for many years."

Moreover, it dismisses the NCSC's compromise suggestion of thresholds for brokerage rates. The TPC says that with a threshold of, say, A$350,000 the number of orders for which there would be any unfixed brokerage at all would be a tiny proportion of the total, given that around 90 per cent of all orders were below A$5,000 (US$5,100) and that nearly half were below A$1,000.

In effect, it says, all client orders, and the vast majority of institutional orders, would continue to be fully subject to fixed rates.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1981							
1st qtr.	99.7	88.9	98	106.6	130.8	2,282	100
2nd qtr.	99.3	89.1	92	104.7	134.5	2,482	89
3rd qtr.	100.2	90.0	104	105.5	139.1	2,641	96
4th qtr.	100.6	89.9	89	105.4	168.5	2,752	104
Oct	101.5	91.0	91	106.2	147.8	2,523	99
Nov	100.3	89.9	93	105.6	158.4	2,760	104
Dec	99.9	88.8	81	104.6	193.1	2,769	108
1982							
1st qtr.	100.1	89.5	96	106.6	141.3	2,817	112
Jan	99.8	88.5	91	107.0	143.9	2,812	112
Feb	100.1	89.9	101	106.1	137.6	2,818	113
March	100.3	90.0	95	106.6	142.3	2,822	111
April	101.0	89.7		105.9	146.1	2,850	110
May				106		2,872	107
June						2,911	105

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1981							
1st qtr.	93.5	88.8	117.2	84.5	75.8	76.6	11.1
2nd qtr.	93.1	89.3	118.0	85.2	78.4	75.5	14.1
3rd qtr.	93.8	89.8	118.7	86.5	77.8	75.3	14.2
4th qtr.	93.3	90.0	121.3	86.4	82.3	75.5	11.6
Oct	94.0	90.0	123.0	87.0	84.0	76.0	13.2
Nov	93.0	90.0	121.0	86.0	82.0	76.0	13.9
Dec	93.0	90.0	120.0	87.0	81.0	75.0	7.8
1982							
1st qtr.	91.6	92.3	119.1	87.8	80.6	73.5	15.0
Jan	91.0	91.0	120.0	87.0	81.0	73.0	11.6
Feb	92.0	92.0	119.0	88.0	83.0	74.0	15.6
March	93.0	93.0	119.0	89.0	77.0	73.0	17.8
April	92.0	93.0	120.0	87.0	82.0	73.0	18.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	126.4	111.4	+1,265	+2,114	+222	105.2	27.90
1981							
4th qtr.	132.4	126.4	+482	+1,357	+698	99.8	23.35
Feb	118.9	107.8	+334	+767	+239	105.1	28.43
March	122.3	102.9					28.21
April	127.1	104.7					28.07
Sept.	129.8	129.2	+ 58	+271	+291	99.6	23.70
Oct	135.5	122.2	+396	+688	+ 74	98.9	23.32
Nov	129.7	136.3	−229	+ 63	+205	100.1	23.46
Dec	130.0	120.6	+315	+606	+419	100.4	23.35
1982							
1st qtr	125.4	123.1	+224	+553	+652	101.0	18.97
Jan	118.9	123.4	−152	− 42	+168	101.2	23.23
Feb	124.8	120.6	+154	+264	+270	100.6	23.37
March	132.6	125.2	+222	+331	+214	101.2	18.97
April							18.16
May							17.82

Trade figures for March-August 1981 not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
1st qtr.	6.8	8.8	12.4	+1,308	1,081	1,945	12
2nd qtr.	23.1	17.3	6.5	+4,036	1,103	1,984	12
3rd qtr.	8.1	18.1	29.7	+6,031	868	2,057	—
4th qtr.				+2,365	422	2,081	—
Sept	9.7	22.8	34.3	+2,622	334	712	—
Oct	− 4.7	20.2	24.0	+1,425	154	690	—
Nov	7.6	17.3	20.4	+ 460	65	684	—
Dec				+ 480	203	707	—
1982							
1st qtr.				+3,130	967	2,157	
Jan				+ 853	356	665	
Feb				+1,104	347	698	
March				+1,173	264	794	
April				+1,600	437	728	
May				+1,599	478		

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

1981	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.4
2nd qtr.	202.2	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	90.6
4th qtr.	214.6	237.3	229.2	306.5	285.8	248.97	89.7
Oct	212.5	238.2	227.8	303.7	282.7	259.12	88.2
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	217.1	236.8	230.4	308.8	288.5	248.97	90.8
1982							
1st qtr.	216.9	238.0	234.3	311.6	297.7	242.40	91.1
Jan	214.1	238.9	232.9	310.6	296.1	252.94	91.1
Feb	217.6	239.9	234.4	310.7	297.2	241.77	91.5
March	219.7	235.0	235.5	313.4	299.8	242.40	90.8
April	219.7	238.5	237.1	319.7	302.6	246.84	90.0
May		236.9	238.3	322.0	305.6	237.39	89.9

* Not seasonally adjusted.

COMMODITIES AND AGRICULTURE

Change in Thai tapioca export urged

THE HAGUE — A proposed change in the Tapioca export agreement between Thailand and the EEC could push Thai tapioca exports to around 7m tonnes in 1982 instead of 5m, Thai diplomats said here.

Tapioca consumers and shippers supported by Thailand have outlined plans proposing that the next year of the agreement should start in August to coincide with the tapioca crop year instead of the calendar year.

The Thais said they hoped pressure from various groups supported by Thailand would persuade the Community to let the agreement run in conjunction with the crop year, avoiding a tapioca shortage in Europe later this year.

At present, Bajr Isarasena, director-general of the Thai Foreign Trade Department, is in Brussels and will be expressing support for the new plan which comes up for consideration soon, they said.

The stemming of tapioca supply for the rest of this year would seriously disrupt the infrastructure of the tapioca trade and will cause problems for producers and loaders in Thailand and for dischargers and compound feed mills in Europe, they added.

Reuter

Silver boosted by stockpile delay

BY NANCY DUNNE IN WASHINGTON

NEWS THAT Mr James Watt, U.S. Secretary of Interior, is holding up the sale of silver from the Government stockpile sent prices jumping in New York yesterday. Mr Watt, who is closely associated with mining interests, said that a study on the silver sales ordered by Congress for release yesterday had been delayed. The study was widely expected to recommend resumption of the sales, halted last December.

Several members of the task force assigned to study the issue said their portions of the report have been completed.

"We are suprised. We thought they had enough information to send the report right in," said a spokesman for the Federal Emergency Management Agency, which was assigned to re-examine the Government's need for silver.

Mr Walt Franklin of the Silver Users' Association, said the report is "being held up for political reasons to the disadvantage of the millions of people who use silver."

He contends that Congress, which actually makes decision on sales and purchases from the stockpile, will be "looking again at the excess silver" in budget hearings as a means to raise money.

Mr Franklin said that the sales last autumn had little to do with the low silver prices, which have been more affected by high interest rates and low industrial demand.

Mr Watt also told the Senate energy committee on mineral resources that he has asked the Treasury and Defence departments to speed up their planned purchases of copper because he is very concerned about the decline in the U.S. copper industry.

He stressed that this was acceleration of planned purchases and not an increase in the amount of copper to be purchased by Government agencies.

Our Commodities Staff writes: London silver prices advanced strongly in line with New York yesterday. The bullion market spot quotation was increased by 19.75p to 330.05p a troy ounce at the morning fixing. The market moved further ahead in the afternoon with the LME cash price closing 25p up at 347p.

UK backs Common Fund

By Terry Povey

BRITAIN'S Consumer Affairs Minister yesterday reaffirmed support for the UN's Common Commodities Fund. This aims to support the export earning of commodity producing countries through a central fund to finance buffer stocks.

The Common Fund was proposed at the United Nations Conference on Trade and Development (UNCTAD) in 1976 and after four years of negotiations, up to June 1980, was referred back to the countries involved for their individual ratification. The agreement establishing the fund cannot come into force until two thirds of the directly contributed finance has been committed by some 90 nations.

So far only 29 countries have ratified the agreement and Dr Gerald Vaughan, UK Minister for Consumer Affairs, considers that the "prospects for the fund entering into force in the foreseeable future are not good."

Forest leaseback scheme goes ahead

By Our Commodities Staff

THE FORESTRY Commission is going into sale and leaseback as part of its strategy for the privatisation of 4 per cent of its holdings, as required by the 1981 Forestry Act.

The first forest to come up for sale in this way will be the 1,000 hectares Leithorpe plantation in Scotland.

The ownership of the forest will pass to the successful bidder who will then lease it back to the Commission on specified terms and conditions.

The Commission says the plan offers financial institutions, corporate bodies and other large investors an opportunity to acquire a stake in British forestry while leaving management responsibilities with the present owner.

TIN AGREEMENT

Serious handicaps to success

BY BRIJ KHINDARIA IN GENEVA

THE SIXTH International Tin Agreement comes into force provisionally today with handicaps serious enough to prevent it from being a significant stabilising influence on prices.

The expired fifth tin agreement, which for the first time included the U.S., struggled to hold the floor at 29.15 Malaysian ringgits per kilo (about $12 per kilo) in Penang while prices in London plunged to the lowest real level in 30 years. One of the first tasks of the new accord's governing council will be to review that "floor" level which producers insist should at least be maintained, if not increased.

Producers feel that the Agreement does not contain all the weapons needed to prevent falls in export incomes and to meet future needs. Malaysia therefore insisted on creating a separate producers' association before agreeing to provisional application of the Agreement with consumers.

The Agreement will try to stabilise prices by combining use of a buffer stock of up to 50,000 tonnes with export controls to keep prices within an agreed floor and ceiling. But it is less likely to succeed than the previous accord because U.S. absence has meant funds directly contributed by members will not be enough to buy more than about 19,000 tonnes for storage even at the current low prices. In contrast, the past accords collected a 35,000 tonne buffer stock without being able to stem the slide in prices.

Consequently, producers will have to rely more heavily on export quotas but the sharing of such quotas will require intense bargaining among themselves.

The producers association is seen by the main exporters as a necessity in this context and could become a blessing in disguise for consumers, in spite of their fears of cartelisation, if it smooths the inevitable haggling.

Although the new Agreement does not give consumers all the safeguards needed to prevent manipulation of prices by producers, it does contain methods for settling disputes and commits producers to solving their problems without hurting the interests of consumers.

Cartelisation to unduly interfere with the market remains a possibility, but both the EEC and Japan are fairly confident that producers will work within the agreement rules.

The main equation influencing tin markets will be the relationship between the producers' association, expressing common positions in the Tin Council, and the U.S. Administration, which is committed to selling surplus tin held in the strategic stockpile.

The need to have open and credible lines of communication to the stockpile manager was a prime reason for Indonesian and Thai insistence that Malaysia should not allow the previous tin agreement to collapse.

Although the U.S. is not rejoining the Agreement, it has pledged to make sales only in close consultation with the Tin Council, thus allowing producers a say in its decisions. Producers' fears about stockpile sales may be exaggerated because stable prices are as much in the interest of the U.S. as in the producers' and the U.S. stockpile authorities are pledged not to disrupt markets.

Surge in copper prices halted

BY JOHN EDWARDS, COMMODITIES EDITOR

THE STRONGER tone in sterling, and speculative profit-taking, yesterday halted the recent surge in copper prices. After reaching a peak of £820 in the morning, three months higher-grade copper fell below £800 at one stage before closing at £809.25 a tonne and easing to £804 in late trading. The cash price closed £3 up at £786.

Traders said there was considerable nervousness in the market as to whether the advance in values could be sustained any higher. Meanwhile Asarco raised its domestic copper selling price again by 2 cents to 68 cents a lb.

Asarco's move to raise its domestic zinc price by 2 cents to 37 cents a lb for regular high grade helped boost LME zinc values, while lead was encouraged by Noranda putting its U.S. lead price up by 1 cent to 26 cents a lb.

However both markets moved erratically mirroring the trend in copper and lost ground in later trading. Tin values fell sharply for the second day in succession, following further speculative profit-taking after the previous steep rise in prices. Cash tin closed £200 down at £6,650 a tonne. The market was steadied in early trading by a report that the U.S. has told Asean producing countries that it is ready to hold talks on stockpile releases of tin.

In the meantime talks continue in London at the International Tin Council on what level of export quotas should be imposed for the July/September quarter and whether the buffer stock should be granted authority to borrow money to fund further purchases.

Buffer stock holdings at the end of March were 22,050 tonnes, but purchases since then are believed to have raised the total very close to the present limit of 50,000 tonnes. A cut in exports to 14,500 tonnes in July/September, amounting to around 40 per cent of normal sales is being urged.

U.S. cotton plantings down 19%

BY NANCY DUNNE IN WASHINGTON

AN ACREAGE reduction scheme initiated by the U.S. Department of Agriculture to cut overproduction is apparently working well with cotton, having a slight effect on wheat and feed grains and spurring soyabean production.

A new crop report released by the USDA shows a 19 per cent drop in cotton acreage planted and a 2 per cent drop in acreage planted for wheat and feed grains. Soyabeans, which were not included in the acreage reduction programme and which can be planted instead of cotton, were sown on 6 per cent more acres than last year.

In introducing the programme in January, Mr John Block, the Secretary of Agriculture, said the problem of low prices and large supplies could be best resolved by the acreage reduction scheme, which made no payments for land diversion.

Farmers who wish to participate in any government price support, reserve or loan programme, however, had to reduce their acreage devoted to feed grains by 10 per cent and land normally devoted to wheat, cotton and rise by 15 per cent.

The new report estimated that there were 82.1m acres of maize planted, down 2 per cent from last year; 121m acres for all fee gains, down 2 per cent; 87.2m acres of wheat, down 2 per cent; 11.6m acres of cotton, down 19 per cent; and 72.2m acres of soyabeans, up 6 per cent.

With maize stocks at record levels and wheat stocks at their second highest levels in two decades, farmers say the acreage reduction programme is doing little to boost prices.

Meanwhile the U.S. department of Agriculture is thought to be giving strong consideration to a 1983 wheat programme which would include agricultural export credit subsidies as well as production control features.

Under discussion is a "buy-down" scheme which would knock as much as 5 percentage points off export credits to be directed towards low and middle-income countries. China would be one country considered for the plan, if it should express interest in it.

The Agriculture Department frustrated at their lack of success in seeking restraints in world production and angered over EEC subsidy practices, have only reluctantly moved toward the notion of fighting fire with fire. Some feel that the buy-down scheme, together with a 20 per cent set aside, is the best the department can do to move surpluses out of expensive storehouses.

Funds for the scheme would be drawn from the PL-480 programme designed to give or sell cheaper food to developing countries. Department analysists believe the proposed scheme would cost $220m but would produce 4.0m to 4.5m tonnes in additional wheat exports next year, primarily to Asian and South American markets.

Wheat Pact to be extended

By Our Commodities Editor

Extension of the International Wheat Agreement, after the existing pact expires in June next year, was formally approved by delegates at the International Wheat Council meeting yesterday. However the length of the extended Agreement will not be decided until the Council's November meeting, although a period of three years has been suggested.

Little progress was made at the meeting on various proposals to put "teeth" into the new Agreement—either by production restraints or co-ordinated national stockholding. Developing countries pointed out that although grain prices were low in dollar terms, the increase in the value of the dollar meant that the actual amount paid was not any lower.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.80-32.00	+0.10
Iranian Light	30.85-31.00	+0.05
Arabian Heavy	29.50-29.90	—0.10
North Sea (Forties)	33.50-33.75	+0.12
African (Bonny Li'ht)	33.75-34.50	+0.35
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	338-345	+1.0
Gas oil	274-282	—
Heavy fuel oil	158-171	—0.5

GAS OIL FUTURES

Prices edged up during the morning in very thin conditions on the stronger European currencies. New York exerted some downward pressure and the market came down to the lows in mid-afternoon, edging up again later to close in mid-range.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
June	Expired	—	278.5
July	282.00	+0.50	282.00-80.50
August	283.50	—	284.00-82.00
Sept.	284.00	—	284.75-83.00
Oct.	286.25	—	286.50-85.50
Nov	289.00	+1.00	289.00-88.25
Dec	290.00	—	290.00-90.00
Jan.	293.00	—	—
Feb.	294.50	—0.50	—

Turnover: 1,310 (1,794) lots of 100 tonnes.

GOLD MARKETS

Gold rose $7 an ounce from Tuesday's close in the London bullion market yesterday to finish at $317½-318½. The metal opened at $314-315 and rose to a best level of $318¼-219¼ on short covering. Sentiment was also helped by a fall in Euro-dollar rates.

In Frankfurt the 12½ kilo bar was fixed at DM 24,890 per kilo ($314 per ounce) against DM 24,835 ($311.98) previously and closed at $318-319 from $307½-308½.

In Paris the 12½ kilo bar was fixed at FFr 68,200 per kilo ($310.62 per ounce) in the afternoon compared with FFr 68,500 ($312.60) in the morning and FFr 67,500 ($305.48) on Tuesday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $313.25 against $310.75.

In Zurich gold finished at $316-319 from $306-309.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	184.26	+2.11	186.25-182.00
Sept'mb'r	186.35	+2.70	—
October	187.75	+2.55	187.90
November	189.95	+2.70	—
December	191.45	+2.225	—
January	193.75	+2.75	—

Turnover: 863 (556) lots of 100 troy ounces.

	June 30		June 29	
Gold Bullion (fine ounce)				
Close	$317½-318½	(£182-182½)	$310½-311½	(£197¾-180¼)
Opening	$314-315	(£180-180½)	$311¾-312½	(£180½-181)
Morning fixing	$314	(£180.460)	$310.75	(£179.936)
Afternoon fixing	$317.50	(£182.167)	$309	(£179.234)

Gold Coins June 30					
Krugrnd	$325-325½	(£187¼-187¾)	King Sov	$83-84½	(£47½-48)
½ Krug	$167½-168½	(£96½-97)	Victoria Sov	$83-84½	(£47½-48)
¼ Krug	$85½-86½	(£49¼-49¾)	French 20s	$76¾-79	(£44¼-45½)
1/10 Krug	$34¾-35¼	(£20-20½)	50 pesos Mex.	$387½-390½	(£223¾-224½)
Mapleleaf	$325-326	(£187¼-187¾)	100 Cor. Aust	$308½-311½	(£178-179½)
New Sov	$75-75½	(£43¼-43½)	$20 Eagles	$371-376	(£213½-216½)

BRITISH COMMODITY MARKET

BASE METALS

BASE-METAL PRICES were erratic on the London Metal Exchange. Copper surged ahead to £819 in early trading, owing to renewed gains in overnight U.S. markets which fuelled further speculative buying, but fell back to close at £804 on profit-taking, a weak Comex and currency considerations. Tin continued to lose ground in thin and nervous trading prior to closing at £6,750. Lead and zinc mirrored the trend in copper with lead finally £329.5 and zinc £417.5. Trade selling lowered aluminium to £566.5 while a feature of nickel trading was the establishment of a £15 backwardation following a shortage of nearby supplies.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGr'de				
Cash	791-.5	+4.5	785.5-6.5	+3
3 mths	814-.5	+4.5	809-.5	+3
Settlem't	791.5	+4.5	—	......
Cathodes				
Cash	779.5-80	+4.25	771-3	......
3 months	803-4	+4	795-6	......
Settlem't	780	+4	—	......
U.S. Prod.	—	—	*68-70-75	......

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £791; three months £815, 14, 12, 11, 12, 13, 14, 15, 14, 14.5, 15, 14.5. Cathodes: Cash £779.5; three months £804. Kerb: Higher Grade: Three months £813.5, 13, 11, 12, 11.5, 12, 12.5, 12, 13, 12. Afternoon: Higher Grade: Three months £815, 14.5, 14, 13, 12, 11.5, 11, 10, 9, 8.5, 9, 9.5. Cathodes: Three months £797, 96. Kerb: Higher Grade: Three months £805, 3, 2, 1, 800, 798, 99, 800, 799, 800, 1, 2, 3, 4. Turnover: 27,425 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6660-5	—292	6645-55	—200
3 months	6780-5	—282	6760-70	—195
Settlem't	6665	—295	—	......
Standard				
Cash	6660-5	—292	6645-55	—200
3 months	6780-5	—282	6760-70	—195
Settlem't	6665	—295	—	......
Straits E.	$29.15	—	—	......
NewYork	—	......		

Tin—Morning: Standard: Cash £6,670, 60; three months £6,870, 60, 30, 50, 6,810, 6,800, 6,780, 90, 80. Kerb: Standard: Three months £6,780, 70, 50, 40. Afternoon: Standard: Three months £6,700, 10, 6,800, 6,780, 70, 50, 65, 60. Kerb: Standard: Three months £6,740, 30, 35, 40, 50. Turnover: 950 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	318-9	—8	325.5-6	—2.5
3 months	330-1	—7.75	337.5-8	—1.87
Settlem't	319	—8		......
U.S. Spot	—	......	*25-8	......

Lead—Morning: Cash £321, 19; three months £336, 37, 36, 35.5, 35, 33, 32, 31. Kerb: Three months £329, 28, 29, 30, 30.5, 31, 30. Afternoon: Cash £325.5; three months £332, 35, 36, 37, 38, 39, 40, 38, 37, 38, 40, 38, 37, 36, 37.5. Kerb: Three months £335, 33, 31, 30, 29, 28, 29. Turnover: 19,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	417.5-8.5	+6.5	417.5-8.5	+2.5
3 months	423.5-4	+6.25	424-.5	+5
S'ment	418.5	+6.5		......
Primw'ts	—		35-7.5	......

Zinc—Morning: Three months £427, 25, 24.5, 24, 26, 27, 25.5, 25, 25.5, 26, 27, 27.5, 26, 23, 22.5, 24, 25, 24.5. Kerb: Three months £423, 22.5, 23, 24. Afternoon: Three months £428, 27, 26, 25, 24, 24.5, 25, 24.5. Kerb: Three months £420, 18, 17, 18, 17, 20, 16, 15, 16, 15.5, 16, 15, 16. Turnover: 28,950 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	553-4	—3.25	547-8	—18.5
3 months	574-.5	—3.5	568-9	—10.2

Aluminium—Morning: Three months £581, 80, 70, 78.5, 75, 74, 74.5, 75, 74.5, 74. Kerb: Three months £574, 73. Afternoon: Three months £574, 75, 74, 73, 72, 71, 69, 68, 67, 68. Kerb: Three months £568, 67, 68, 66.5, 66, 67. Turnover: 13,350 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2960-5	+20	2965-70	+12.5
3 months	2955-60	—10	2945-50	—17.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Cash £2,975, 65, 60; three months £2,960, 55, 60, 61, 60. Kerb: Three months £2,950. Afternoon: Three months £2,950, 55, 53, 50, 55, 50. Kerb: Three months £2,945, 35. Turnover: 744 tonnes.

SILVER

Silver was fixed 19.75p an ounce higher for spot delivery in the London bullion market yesterday at 330.05p. U.S. cent equivalents of the fixing levels were: spot 573c, up 37c; three-month 595.1c, up 38c; six-month 615.2c, up 38.2c; and 12-month 662.9c, up 39.1c. The metal opened at 329-332p (574-578c) and closed at 344-347p (600-605c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	330.05p	+19.7	347.0p	+25.0
3 months	340.20p	+20.2	357.5p	+26.5
6 months	349.05p	+29.5	—	......
12months	371.85p	+20.8	—	......

LME—Turnover 132 (155) lots of 10,000 ozs. Morning: Three months 340.0, 39.8, 40.0, 40.5, 41.0, 42.0, 41.5, 41.6, 41.5. Kerb: three months 341.0, 42.0. Afternoon: Three months 355.0, 55.5, 56.0, 57.0. Kerb: three months 355.0, 54.5, 54.0.

COCOA

Futures were initially steady and trade selling was absorbed by further commission house support but prices later eased on a lack of follow through to close at the lows of the day. Actuals business continued to be scarce, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	897-01	—8.5	914-00
Sept.	933-34	—8.0	952-32
Dec.	973-74	—7.0	991-72
March	1012-13	—6.0	1027-12
May	1033-34	—5.5	1049-34
July	1051-52	—7.5	1054-52
Sept.	1067-68	—8.5	1070-66

Sales: 3,451 (1,919) lots of 10 tonnes.

ICCO—Daily price for June 30: 74.29 (74.78). Indicator price for July 1: 73.79 (72.24).

COFFEE

Forecast of colder weather had a short-lived impact but heavy trade resistance proved too strong and during an active day prices gradually eased to finish near the lows, reports Drexel Burnham Lambert.

COFFEE	Yest'day's Close	+ or —	Business Done
July	1255-57	—7.0	1265-45
Sept.	1160-61	—12.0	1179-58
Nov.	1084-85	—14.0	1104-83
January	1059-60	—11.5	1069-60
March	1030-31	—11.0	1044-27
May	1006-09	—17.5	1025-20
July	980-95	—22.5	1000

Sales: 4,136 (3,529) lots of 5 tonnes.

ICO Indicator prices for June 29 (U.S. cents per pound): Comp daily 1979 120.82 (119.83); 15-day average 120.70 (120.89).

GRAINS

The market opened unchanged for old crop wheat and unchanged to 10p lower for new crop. Most of the action was in new crop wheat and the market 25/35p up. Barley was bid with the wheat but made more modest gains. Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
July	120.00	+0.80	—	—
Sept.	108.95	+0.35	104.80	+0.15
Nov.	112.60	+0.35	108.45	+0.05
Jan.	116.30	+0.35	111.80	+0.10
Mar.	119.55	+0.35	115.10	+0.18
May.	123.00	+0.25	118.55	+0.15

Business done—Wheat: July 19, Sept 47, Nov 97, Jan 52, March 50, May 27. Sales: 292 lots of 100 tonnes. Barley: Sept 14, Nov 15, Jan 10, March 15, May 2. Sales: 56 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Aug/Sept 109.25, Oct 110.75 transhipment East Coast sellers. English Feed fob. Sept 112.50 East Coast, Jan/March 121.50 East Coast sellers. Maize: French July 136.50, Aug 135.50 transhipment East Coast seller. Barley: English Feed fob. Aug 106, Sept 107.50, Nov 112 Oct/Dec 112 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed wheat: Eastern 118.30, E. Mids 120.00. Feed barley: E. Mids 103.00, N. East 102.50. The UK Monetary Coefficient for the week beginning Monday July 5 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly steadier, attracted fair terminal interest throughout the day, and closed quiet. Lewis and Peat recorded a July fob price for No. 1 RSS in Kuala Lumpur of 202.5 (same) cents a kg and SMR 20 176.0 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Aug	51.30-51.50	49.50-50.30	51.70
Sept	51.40-52.20	50.50-50.80	—
Oct-Dec	53.80-54.00	52.80-53.00	54.30-52.70
Jan-Mar	56.20-56.40	55.20-55.50	56.40-55.30
Apl-Jne	58.50-58.80	57.70-57.90	58.60-58.00
Jly-Sept	61.10-61.30	60.40-60.50	61.00-60.50
Oct-Dec	63.70-63.80	63.50-63.20	63.30
J'n-Mch	66.10-66.20	65.30-65.40	66.40-65.40
Apl-Jne	68.70-68.90	67.40-67.90	—

Sales: 400 (189) lots of 15 tonnes, 6 (8) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.00p (48.50p); Aug 52.50p (52.00p); Sept 52.75p (52.25p).

SOYABEAN MEAL

The market opened £1.50 lower following a bearish USDA acreage figure reports I. G. Roddick. Prices drifted on commission house selling before trade buying steadied the market.

	Yesterdy's Close	+ or —	Business Done
	£ per tonne		
August	124.80-25.2	—1.35	125.10-25.80
October	128.80-28.5	—1.80	128.60-27.80
Dec.	135.00-55.5	—1.80	135.50-32.70
Feb.	137.80-38.0	—1.65	—
April	137.90-38.9	—1.25	—

SOYABEAN OIL—The market opened weaker with easier physical prices and short covering evident at lower levels. Closing prices and business done (US$ per tonne): Aug 487.00-84.50, 496.00, 485.00; Oct 488.00-87.50, 489.00, 486.00; Dec 489.50-88.50, 488.50, 488.50; Feb 496.50-96.00, 496.50, 494.50; April 505.00-02.50 untraded; June 522.00-04.00 untraded; Aug 528.00-06.00 untraded. Turnover 110 (137).

SUGAR

LONDON DAILY PRICE—Raw sugar £105.00 (£104.00) a tonne cif June-July-August shipment. White sugar daily price £147.00 (£143.00). Rumours that China had recently made further purchases lifted prices some £3.00 before heavier offerings late in the day caused half the gains to be lost.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	112.35-12.40	110.50-10.80	112.50-10.00
Oct	117.75-17.90	115.45-15.50	118.00-14.25
Jan	123.00-26.50	123.00-26.00	—
March	152.25-32.45	150.80-31.00	155.25-30.00
May	135.75-38.00	135.80-35.75	136.00-33.95
Aug	139.75-41.00	137.50-38.25	—
Oct	142.75-45.00	141.00-45.25	—

Sales: 4,666 (4,404) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne for home trade and £210.50 (£209.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for June 29: Daily price 7.15 (6.80): 15-day average 6.69 (same).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—(In order: buyer, seller, business) New Zealand cents per kg: Aug 366, 377, nil; Oct 384, 390, 390-389; Dec 397, 400, 499 only; Jan 398, 401, 401-400; March 409, 410, 410 only; May 421, 423, nil; Aug 433, 438, 435-433; Oct 437, 442, 439 only; Dec 441, 446, 443 only. Sales: 28.

SYDNEY GREASYWOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 543.5, 545.5, 547.0-542.1; Oct 513.5, 514.9, 515.0-514.0; Dec 516.0, 518.0, 517.5-516.0; March 524.0, 525.0, 525.0-524.0; May 527.0, 528.0, 528.0-527.0; July 536.0, 537.0, 537.0-536.0; Oct 531.0, 538.0, untraded; Dec 534.0, 540.0, 537.0-535.0. Sales: 96.

COTTON

Mc. No. 20

LIVERPOOL—No spot or shipment sales were registered. Traders remained on the sidelines, taking little interest in the qualities offered. Renewed uncertainty about prospects resulted in further reluctance to operate freely.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 30 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt.	$950/980	......	$925/935
Copper			
Cash h grade	£786	+3	£760.5
3 mths	£801.25	+3	£787.25
Cash Cathode	£772	......	£750.5
3 mths	£795.5	......	£776.5
Gold troy oz	$318	+7	$320.875
Lead Cash	£325.75	—2.5	£304.5
3 mths	£337.75	—1.875	£316.5
Nickel	£3922	......	£3922
Free mkt.	230/260c	......	230/255c
Platin'mtr oz'y	£260	......	£260
Freemkt.	£165.20	+3.40	£159.10
Quicksilver†	$360/370	—5	$350/370
Silver troy oz	330.05p	+19.75	344.90p
3 mths	340.20p	+20.25	345.60p
Tin Cash	£6650	—200	£6470
3 mths	£6765	—195	£6585
Tungsten 22.0 lb	$110.92	......	$109.01
Wolfrm 22.4 lbs	$113/116	......	$109-113
Zinc Cash	£418	+2.5	£405
3 mths	£424.25	+5	£410.25
Producers	$800	......	$860/900
Oils			
Coconut (Phil)	$487.5v	—15.0	$495
Groundnut	‡	......	‡
Linseed Crude	£539	......	$380
Palm Malayan	$457.5y	—10.0	$510
Seeds			
Copra Ph Ilp	$325v	......	$325
Soyabean (U.S.)	$251.25y	—2.0	$257
Grains			
BarleyFut. Sep	£104.80	+0.15	£104.90
Maize	£137.00y	......	£136.00
Wheat Fut.Sep	£108.95	+0.35	£109.00
No.2HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£972	......	£936
Future Sept	£933.5	—8.0	£910.5
Coffee Ft' Sept	£1161	—11.5	£1124.5
Cotton A.Index	75.70c	......	75.80c
Gas Oil July	$281.5	......	$287.75
Rubber (kilo)	49.0p	+0.5	52.5p
Sugar (Raw)	£105uw	+1	£105
Woolt'ps 64s kl.	398p kilo	......	387p kilo

‡ Unquoted. x Aug-Sept. u June-July. v July-Aug. y July. w Aug. † Per 76 lb flask. * Ghana coconut. n Nominal

INDICES

FINANCIAL TIMES

June 29	June 28	M'th ago	Y'ar ago
235.68	232.50	234.17	245.07

(Base: July 1 1952 = 100)

REUTERS

June 30	June 29	M'th ago	Y'ar ago
1537.6	1536.6	1517.6	1751.1

(Base: September 18 1931 = 100)

MOODY'S

June 29	June 28	M'th ago	Y'ar ago
948.6	987.2	990.3	1065.8

(December 31 1931 = 100)

DOW JONES

Dow Jones	June 29	June 28	Month ago	Year ago
Spot	12172	120.70	123.15	—
Futr's	123.78	121.79	12373	—

(Base: December 31 1974 = 100)

... and no more than minor attention was directed towards specialist growths.

JUTE

JUTE—C and F Dundee BWC £287, BWD £244, BTB £329, BTC £280, BTD £246; C and F Antwerp BWC £288, BWD £244, BTB £330, BTC £281, BTD £247; C and F Dundee July 40 in 10 oz £11.35; 40 in 7.5 oz £8.46: B Twills £34.10.

POTATOES

LONDON POTATO FUTURES — The market opened slightly easier, but traded higher in nervous conditions, closing with fresh buying moving prices towards the highs again, reports Coley and Harper. Nov 55.70 +1.10 (high 55.90, low 54.50); Feb 61.70 +0.70 (high 61.70, low 60.60); April 68.50 +1.50 (high 68.50, low 67.20); May 78.00 +2.20 (high 78.50, low 75.50); Nov 64.50 +0.20 (64.50 only). Turnover: 284 (292) lots of 40 tonnes.

AMERICAN MARKETS

NEW YORK, June 30.

PRECIOUS METALS finished with little change while copper was sharply lower on profit-taking and trade selling. Cotton was again higher although late profit-taking pared best gains. Sugar was very strong on short-covering and technical buying with active inquiries in the cash. Coffee was under heavy pressure as low temperatures in Brazil were accompanied by heavy rains. Cocoa was on the defensive most of the day on producer selling and lack of any commercial demand. Grains and soyabeans closed lower following a bearish acreage report. The livestock complex finished unchanged to lower on lower product markets. Heating oil was quiet in light trading and closed moderately lower, reported Heinold Commodities.

Copper—July 59.40 (60.25), Aug 60.20 (61.30), Sept 60.95-61.15, Dec 63.55-63.70, Jan 64.40, March 66.00, May 67.60, July 69.15, Sept 70.65, Dec 72.95, Jan 73.70, March 75.25, May 76.80.

*Gold—July 314.8 (315.4), Aug 317.5-318.0 (318.0), Sept 321.7, Oct 325.0-325.5, Dec 332.5-333.5, Feb 342.0, April 349.5, June 356.8, Aug 364.9, Oct 373.1, Dec 381.4, Feb 389.8, April 398.3.

Potatoes (round whites)—Nov 67.3 (66.8), Feb 74.8 (74.5), March 77.3-77.5, April 87.4.

¶Silver—July 596.0-601.0 (582.5), Aug 508.0 (589.7), Sept 512.0-618.0, Dec 537.0-641.0, Jan 545.0, March 665.2, May 681.6, July 705.0, Sept 714.4, Dec 739.0, Jan 747.2, March 763.6, May 780.0. Handy and Harman bullion spot 594.00 (561.00).

CHICAGO, June 30.

Lard—Chicago loose 22.50 (same).

Live Cattle—Aug 63.30-63.20 (63.47), Oct 60.95-61.00 (61.02), Dec 61.70-61.55, Feb 61.30-61.32, April 60.90-60.80, June 62.75.

Live Hogs—July 59.10-59.25 (58.90), Aug 57.85-57.75 (58.62), Oct 56.00-56.10, Dec 55.90-55.80, Feb 53.97 (53.80), April 50.20, July 50.95, Aug 50.70.

‡‡Maize—July 265½-265¾ (267¾), Sept 265½-265 (267¾), Dec 268¾, March 283¾, May 292¾, July 299½-299¾.

Pork Bellies—July 74.60-74.90 (75.45), Aug 72.50-72.70 (73.40), Feb 73.60-73.75, March 73.30-73.85, May 72.95-72.50, July 72.60-73.00, Aug 72.40.

†Soyabeans—July 610½-610 (618½), Aug 616½-616 (625½), Sept 618, Nov 625-624, Jan 640½-640, March 657, May 671, July 682.

‖Soyabean Meal—July 178.2-178.? (180.4), Aug 178.9-178 (181.1), Sept 179.3-179.0, Oct 179.0-179.5, Dec 184.5-184.4, Jan 187.0-187.3, March 192.0-193.0, May 197.5-198.0, July 202.5-203.0.

Soyabean Oil — July 18.45-18.40 (18.69), Aug 18.66-18.62 (18.96), Sept 18.84-18.85, Oct 19.05-19.07, Dec 19.46-19.45, Jan 19.70-19.65, March 20.00-20.02, May 20.30-20.35, July 20.50-20.55.

†Wheat—July 340¾-340 (341¾), Sept 356-355¾ (357½), Dec 376¾-375½, March 390¾-389½, May 395, July 390.

—7,7111358 .500.e

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

††Cocoa — July 1488 (1438), Sept 1534 (1491), Dec 1593, March 1650, May 1689, July 1740, Sept 1780. Sales: 2,145.

Coffee — "C" Contract: July 140.95 (139.40), Sept 134.00-134.20 (130.81), Dec 128.00, March 121.75-122.00, May 118.25-118.53, July 115.25-115.50, Sept 114.01. Sales: 2,115.

Heating Oil—(cents per U.S. gallon). July 93.00 (93.25), Aug 89.95-90.10 (91.00), Sept 89.60, Oct 90.25-90.30, Nov 91.00-91.20, Dec 92.00-92.30, Jan 92.00, Feb 92.50-92.60, March 91.50, April 91.50, May 91.50.

Orange Juice — July 121.50 (119.80), Sept 123.25-123.50 (122.00), Nov 125.25, Jan 126.50, March 127.85-127.90, May 129.45-129.50, July 130.90-131.00, Sept 132.40-132.75, Nov 133.90-134.25. Sales: 1,500.

*Platinum — July 289.0-290.0 (277.1), Oct 295.0-297.0 (285.1), Jan 309.0, April 315.9, July 324.9. Sales: 4,079.

CHICAGO, June 29.

Chicago Imm Gold — Sept 321.8-321.3 (317.3), Dec 333.8-333.0 (329.0), March 345.2, June 357.3, Sept 369.6.

WINNIPEG, June 29.

§Wheat — SCWRS 13.5 per cent protein content cif St Lawrence 229.14 (228.94).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, June 30.

Wheat—(U.S. $ per tonne): U.S. No. Two Red Winter July 147. U.S. No. Three Amber Durum June 173, July 171, Aug 173, Sept 176, Oct 178, Nov 182, Dec 187. U.S. No. Two Northern Spring 14 per cent June 175, July 175, Aug 172, Sept 173, Oct 176, Nov 179, Dec 183. Canadian Western Red Spring July/Aug 195, Sept 196.50. 18—18—18—18—18—

MAIZE—(U.S. $ per tonne): U.S. No. Three Yellow July 122, Aug 122, Sept 122, Oct/Dec 122, Jan/March 130 sellers.

Sugar—(FFr per tonne): Aug 1751-1765, Oct 1639-1643, Nov 1630-1640, Dec 1585-1595, March 1675-1685, May 1705-1715, July 1735-1745, Aug 1750-1780. Sales at call: 1.

PARIS, June 30.

Cocoa—(FFr per 100 kilos): July 1040/1080, Sept 1105/1110, Dec 1145/1165, March 1200/1215, May 1240/1255, July 1280/1295, Sept 1320/1335. Sales at call: 3.

MEAT/FISH

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 101.67p per kg lw (+0.76). GB—Sheep 162.60p per kg est dcw (—1.89). GB—Pigs 75.85p per kg lw (+0.45).

SMITHFIELD—Pence per pound: Beef — Scotch killed sides 79.3 to 84.3; Ulster hindquarters 98.7 to 99.3, forequarters 58.0 to 59.7. Veal — Dutch hinds and ends 120.5 to 128.0. Lamb —English small 75.0 to 80.0, medium 72.0 to 76.0, heavy 70.0 to 74.0; imported New Zealand PL 61.0 to 62.0, PM 60.5 to 61.0, PX 59.5 to 60.5, YL 59.0 to 60.0, YM 58.0 to 59.0. Pork—English, under 100 lb 38.0 to 54.0, 100-120 lb 44.0 to 52.0, 120-160 lb 43.0 to 50.2.

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.30, codlings £3.70-£4.00; large haddock £3.20-£4.00, medium £3.20-£4.00, small £2.60-£3.50; large plaice £5.20-£6.40, medium £4.80-£6.30, best small £3.80-£4.70; large skinned dogfish £9.00, medium £6.00; large lemon soles £8.50, medium £6.00; rockfish £2.60-£2.80; reds £2.40-£2.80; saithe £2.20-£2.80.

COVENT GARDEN—English Produce: Potatoes—Per lb new 0.05½-0.06½. Mushrooms—Per lb, open 0.30-0.50, closed 0.50-0.80. Lettuce—Per 12, round 0.80-1.20, Webb's 1.20-1.80, Cos 1.40-1.80. Onions—Per 55 lb, 40/80mm 3.00-4.00. Spring Onions—Per bunch 0.08-0.10. Spring Cabbage—Per 25 lb, 1.00-1.40. Carrots—Per 28/28 lb, 2.80-3.00, per bunch, 0.15-0.16. Rhubarb—Per lb, outdoor 0.08-0.10. Courgettes—Per lb, 0.20-0.30. Cucumbers—Per package, 1.80-2.40. Tomatoes—Per 12-lb box D/E 2.20-2.50. Cauliflowers—Per 12 Lincoln 3.50-5.00. Celery—Per 12/30 2.00-3.00. Broad Beans—Per lb 0.06-0.08. Marrows—Each 0.13-0.20. Sugar Peas—Per lb 1.00-1.20. Peas—Per lb 0.10-0.12. Turnips—Per 28 lb 2.40. Stick Beans—Per lb 0.70-0.90. Apples—Per lb. Bramley 0.30-0.35. Strawberries—Per 8 oz 0.15-0.30. Raspberries—Per 4-oz peck 0.10-0.20. Gooseberries—Per lb 0.20-0.32. Cherries—Per lb 0.20-0.40. Red Currants—Per 4 oz 0.10-0.250. Black Currants—Per 8 oz 0.35-0.40.

HIDES—Leeds: The softer undertone was still in evidence. Second clears. Ox: 31-35.5 kg. 57.1 a kg (56.3); 26-30.5 kg. 58.7 a kg withdrawn (61.1); 22-25.5 kg. 63.0 a kg (65.3). Light Cows: 25.5 kg. 60.2 a kg withdrawn (63.1).

FINANCIAL TIMES SURVEY

Thursday 1 July,1982

Austrian Banking and Finance

Banks in Austria are recovering their breath after a period of fierce competition for deposits and some bad loan losses. Money due from Comecon remains a worry, but labour peace is a priceless asset

Flat economy hits credit demand

By W. L. LUETKENS

AUSTRIA is suffering from a flat economy, inevitably reflecting upon credit demand and the business volume of the banks and other credit institutions.

It has been drawn into the vortex of world-wide high interest rates. Combined with economic near-stagnation that has caused a high number of insolvencies in industry. Some have been spectacular, underlining the need for improved prudential management in the credit system.

In order to maintain what over the years has been a successful economic record, Austrian industry is in need of innovative restructuring, demanding new methods of dredging up scare venture capital. The traditional habit of financing from cash flow and by debt requires reconsideration.

Lest that catalogue sound gloomy, it should be said that to this day Austria is one of the economic success stories in Europe. A prospective unemployment ratio averaging 3.5 per cent this year would be the envy of most others. A current account that will approach balance is a welcome change after a period of heavy deficits. And the general air of prosperity contrasts starkly with the gloom of much of the public debate of the economy.

GNP in the first quarter of 1982 was 1.1 per cent higher than a year before and the forecasters hope for a speeding up later this year. Exports were the most buoyant element. They were boosted by the decline of the Schilling against the U.S. dollar last year, though not against most other currencies. On the other hand, gross investment was down heavily in real terms.

Since private consumption rose only slowly, credit institutions have the opportunity to embark upon a phase of consolidation following a period of intense competition and a costly scramble for primary deposits. Such a phase is badly needed in view of the increased risk of bad loans at home and abroad. Austria is deeply involved in the problem of Polish indebtedness. A succession of big failures in industry last year required the state to shore up Laenderbank, the country's third largest credit institution.

What was done for Laenderbank is described elsewhere in this survey but the story does not end there. A revision of regulatory legislation passed in 1979 is under discussion though it is unlikely to be passed before the elections due by April 1983. Tighter supervision of risk management both within the individual banks and by the regulatory authorities are under discussion. So is a revision of capital ratios.

Discussion has also arisen about whether the present rules governing capital ratios are adequate. These require equity plus reserves to be at least 4 per cent of liabilities. The suggestion is that the ratio should rather be expressed as a proportion of assets, since that is where the risks of bad debts lie.

The new legislation is unlikely to reverse the decision made by Parliament in 1979 that, for all intents and purposes, both banks and thrift institutions should be allowed to function as "universal" banks and engage in all forms of retail and wholesale banking at home and abroad. International business is an important part of the credit industry because the tendency is for credit demand to exceed domestic capital formation.

There is reason to believe that the adoption of the principle of universal banking has led to a costly expansion of the branching network and that too many branches—and too many individual banks—are chasing after too few deposits.

Distortions

Last year's very narrow interest spreads seems to bear that out, though pressure has now diminished. Many bankers also are critical of market distortions caused by a variety of interest rate subsidies: almost half of the credits granted are subsidised in one way or another.

Together with a lavish social security system and a phase of deficit spending to avoid recession that has added to the budgetary difficulties of Dr Herbert Salcher, Minister of Finance. This year's deficit, net of redemptions, is likely to exceed Sch 35bn (about £1.2bn).

It is a heavy burden for a small country, but complaints that Austria has matched "Swedish conditions" are not borne out. In 1980 the aggregate deficits of all levels of government came to 4 per cent of GNP, roughly the same as in the U.S., but far less than the Swedish 11.6 per cent.

What has been alarming is the rate at which the public debt, not least the foreign debt, has been rising. The latter had reached Sch 250bn by the end of 1981, equivalent to about a quarter of GNP.

Claims upon the Comecon countries of $5.4bn are another cause for worry. Though they are to a great extent covered by government export guarantees a real disaster in eastern Europe would place a heavy burden upon the resources of the Austrian credit apparatus and upon the country as a whole.

In the long run some of the burdens could be lightened if endeavours to restructure Austrian industry are successful. At present, despite the existence of a sound mechanical engineering industry, Austria is too heavily dependent upon industrial exports of goods with little added value.

Subsidised credit in relatively modest amounts is already available to finance innovation. But special interest attaches to legislation for a new kind of venture capital fund. Several banks are going ahead with plans to take advantage of this opening. The funds will function on the unit trust principle but will place their money mainly in direct participations rather than into shares. Generous tax concessions are to be offered to investors to overcome their habitual preference for fixed interest instruments.

In their first year these venture funds are expected to attract some Sch 200m from investors. The sum is small, but what makes the idea interesting is that it sprang from an agreement between the socialists and the conservatives opposition. It shows that the deep rooted tradition of social consensus is still very much alive in spite of constant political bickering.

Consensus is generally regarded as the mainstay of the Austrian economy. A price may have had to be paid in the form of industrial rigidities. But Austria has hardly any labour strife and the trade unions have tacitly resigned themselves to all but foregoing real wage increases.

This tacit incomes policy has been complemented by an exchange rate policy that has, in effect, tied the Schilling to the Deutsche Mark.

MARKET SHARES OF THE SECTORS 1981

	Direct lending %	Schilling deposits %
Joint stock banks	26.7	20.3
Savings banks	27.8	31.1
Raiffeisen rural co-operates	17.4	21.3
Small business co-operatives (Volksbanken)	5.3	7.5
Others	22.8	20.3

Source: Girozentrale.

CONTENTS

Banks and thrift organisations struggle for consolidation

BANKERS IN Austria and their colleagues in the well entrenched thrift organisations are struggling for consolidation after a hectic period of merciless competition, rapid expansion, and a number of spectacular insolvencies in industry.

During 1981 the country's financial institutions took the full brunt of depositors' awakening to the fact that, in a period of high interest rates, they are in a strong position to bargain with their bank managers. This phenomenon is by no means confined to Austria but it was aggravated there by structural changes in the credit industry.

A reform of regulatory legislation passed in 1979 had opened up to all sectors of the industry the opportunity to become "universal banks" engaging in almost every kind of banking activity. The legislation speeded up a trend that was already under way. But coupled with the termination of limits imposed by the authorities upon the number of branches allowed to be opened, it intensified the race for primary deposits.

Primary deposits always have had scarcity value in Austria. The formation of money capital tends to lag behind credit demand in part because of a current external account that leans towards deficits, especially at times of expansion in the economy. Last year the scramble for primary deposits became too lively for comfort because the effects of the legislation of 1979 coincided with a period of internationally high interest rates.

This historic interest cartel had been swept away by the new laws and it became quite common for bank managers, hungry for deposits, to offer rates ostensibly payable on savings deposits tied down for periods of up to 36 months for money with a bit of haggling was available on a day-to-day basis. After a long period of bitter argument, agreement was reached to ensure that an interest penalty should be payable in such cases.

The effect of last year's splurge was a fierce pressure on interest spreads which appear to have narrowed to their worst in living memory. This year has seen a slight improvement to the point where Dr Herbert Schoeller, Director General of Schoellerbank in Vienna, says that spreads can be lived with, provided they do not narrow again.

There are two reasons why the pace has become less hectic. Encouraged by an improving external current account the Austrian authorities—like those in Germany, whom Vienna must always watch closely to avert a capital outflow—have been able to let interest rates decline gently. The movement has been supported by a generally ample supply of liquidity caused both by official policy and by declining demand for loans.

Second, and perhaps more important, last year's big insolvencies, not to mention

CONTINUED ON NEXT PAGE

Dr Vranitzky: Laenderbank is "normal" again

State-owned banks want to improve their capital ratios

Government rescues Laenderbank

Dr Androsch: Creditanstalt gets capital increase

GOVERNMENT assistance has sorted out the difficulties of Oesterreichische Laenderbank, one of the two major state-owned banks in Austria, after it had run into an almost disastrous patch of bad loans.

The other big state-owned bank, Creditanstalt-Bankverein (CA), wants government money, too, but for rather different reasons. Dr Herbert Salcher, the Finance Minister, in spite of budget stringencies, has undertaken to increase the bank's share capital to keep up with increasing business volume.

Laenderbank's troubles were the longest-running Austrian financial story in 1981. The package of official aid was only wrapped up this year. Dr Franz Vranitzky, the new Director-General, takes the view that Laenderbank, at last, is a "normal" bank again.

It took many months of struggle on his part, and that of his colleagues, as well as some intense political bargaining between the parties in Parliament before Dr Vranitzky could make that claim. Another 10 years may pass before the situation is fully sorted out.

Consequences

The state came into it not only because, through the Ministry of Finance, it regulates Austrian banking, and because the threatened failure of a major bank would have had incalculable consequences for Austrian creditworthiness and general standing in the world. It was involved also as Laenderbank's main shareholder.

In the case of both Laenderbank and CA the state has control with 60 per cent of the nominal capital. This quasi-nationalisation goes back to the days of conservative-dominated government in Austria after the war. At that time there was a strong ideological trend in favour of public control of the commanding heights of the economy. But there also was the very pragmatic argument that it was best for the Austrian Government to take control to forestal possible seizure by the occupying powers, principally the Russians.

In the subsequent phase the state-controlled banks were expected to comport themselves like denizens of the private sector. That has remained the case under Socialist Governments in power for more than a decade, even though in a mixed economy, such as the Austrian, direct and indirect state influence is strong. Its effectiveness has often depended on the strength of the personalities in charge of CA and Laenderbank.

Laenderbank's difficulties are attributable to major insolvencies suffered by Oesterreichische Klimatechnik, a concern originally thought to have a promising future in modern technologies; and of Eumig, the internationally known maker of cine cameras, which had come under Laenderbank's full control as the result of previous difficulties. To these must be added a smaller failure by Funder, a maker of wood products.

Losses from the three disasters came to Sch 4.1bn (about £140m). In his account of the affair to the annual general meeting Dr Vranitzky added a loss of interest of Sch 400m, making a total loss of Sch 4.5bn (which may be compared with a balance sheet total of Laenderbank on December 31 last of Sch 133 bn).

After drawing down open and hidden reserves, Laenderbank was still left with a deficit of about Sch 3bn which required state help. The solution agreed by all the political parties is in two sections. For a start, the state undertook to guarantee the Sch 3bn which appeared in the bank's list of assets, though they were in fact irrecoverable. Phase two, agreed to this year, was an undertaking by the state to compensate Laenderbank for the loss of interest from these irrecoverable assets.

Obligation

The precise formula has not yet been worked out but the bank's income from this source will be largely geared to the current yield of government bonds. That means that the yield will be less than that of normal commercial loan business. In addition, Laenderbank is under an obligation to write off the irrecoverable assets by annual instalments as it returns to profit. Its profitability, therefore, still remains impaired, but there is the compensating advantage that the income promised by the state is free of normal commercial risk.

Laenderbank's balance sheet shows the impact of the whole sad story. Capital and reserves together are down to 4.5 per cent of liabilities, compared with the legal minimum of 4 per cent. Only a small amount of Sch 21m could be allocated to free reserves from revenues in 1981. To be permitted to make this allocation, the bank had to pay a small dividend of Sch 32m to private holders of its preference shares.

Dr Vranitzky resists the idea that his bank may have to part with industrial or financial members of its concern on the grounds that such a step would be unrewarding. He says that his shareholdings are not undervalued and that sales would therefore do little to improve the balance sheet; moreover they might cost the bank business. Also, the industrial holdings did make a contribution to bank revenue last year.

Like CA, Laenderbank will be given an infusion of equity capital by the state, though it will have to wait longer for its share. In any case the amounts will not be large. In the case of CA the proposed increase is by Sch600m nominal, probably payable in four annual instalments beginning this autumn, to which must be added a premium that is likely to be modest.

That figure must be seen against a consolidated balance sheet total of Sch299bn. Equity and reserves were the equivalent of 7.3 per cent of liabilities at the end of 1981, as against 8.2 per cent a year before.

Dr Hannes Androsch, CA's Director General, former Minister of Finance, has prided himself that his bank's capital ratios are among the best in Austria but also admitted that they are wanting when compared with those in some other countries. His remark gives extra emphasis to the need for increased prudence and attention to consolidation and profitability widely recognised among Austrian bankers.

W. L. Luetkens

Traditional trading links with Eastern Europe have meant deep involvement of Austrian banks and the state export credits system in Comecon's financial difficulties

Heavy financial involvement with Eastern bloc

THE ECONOMIC difficulties of the eastern European countries have hit Austria twice over. They have closed or partially closed markets to a country that is looking to exports as the needed boost for a near-stagnant economy. And they have burdened one of the smaller Western industrialised countries with a share of the West's outstanding and often problematic claims out of all proportion to Austria's size.

Comecon countries' total gross debt to Austria at the end of last March came to $5.4bn, of which the biggest item was Poland's debt of $1.8bn. On the basis of population that makes the Austrians the largest creditors per head of any western country. Of the Comecon total, $2.4bn was denominated in Austrian Schillings and hence trade-related and covered by guarantees. In the case of Poland the guaranteed proportion was a good deal higher.

The dangers became apparent as the Polish crisis unfolded. Austrian credit institutions became reluctant to extend further credit except where it was strictly export-related. At the same time the Comecon countries ceased to expand their purchases in Austria as part of their general drive to husband scarce resources.

Stagnation

Even before the Polish crisis, Austrian exports to eastern Europe showed little buoyancy. Last year's nominal increase of Austrian exports to these countries by 6 per cent amounted to stagnation in real terms, after allowing for price increases. The first quarter of 1982 produced a contraction by about 10 per cent in real terms.

In addition, Austria lost market share in eastern Europe during 1981 under the pressure of competition from other western countries equally anxious to find employment for industrial capacities made idle by recession. Structurally, Austrian export trade with eastern Europe has suffered from the historic fact that the main Austrian market is in the smaller Comecon countries rather than in the Soviet Union, so that the chief crises, especially in Poland and Romania, have proved especially painful.

As a by-product, Austria runs a heavy trade deficit with the Soviet Union which has become structural as a result of the world-wide increase of energy prices during the last decade. Natural gas, oil and coal are important Austrian imports from the Soviet Union.

Hopes entertained in some quarters in Vienna that the Soviet Union might apply part of its trade surplus with Austria, amounting to Sch 13.1bn last year, to meet Austria's surplus of Sch 2.1bn in trade with smaller European members of Comecon have been belied: in spite of the notional existence of a somewhat shadowy transferrable rouble within Comecon, Moscow has held to the traditional bilateral approach of Communist trading practice. To that extent the so-called umbrella theory, according to which the Russians will back up their allied regimes financially, has been belied.

None the less, Austrian financial circles do not believe Moscow will allow, say, Poland to collapse into default. That theory has held to the extent that rescheduled payments for Polish debt service originally due in 1981 have been coming in, and there also appears to have been a trickle of payments due for 1982. But the view is firmly held in Vienna that neither governments nor banks in the West must push matters to extremes by eventually declaring a default against Poland or another Comecon state, let alone by imposing financial or commercial sanctions for political reasons.

Not only Austria's constitutional neutrality in international affairs speaks against taking matters to such a point. So, in the Viennese view, do arguments of prudence. Dr Helmut Haschek, Director General of Oesterreichische Kontrollbank, argues that an American sanctions policy would be one imposed by a creditor state. "We may well ask ourselves whether debtors, too, can adopt a counter-sanctions policy of their own," he comments—in other words whether eastern Europe, under extreme pressure, would default in reprisal.

Comecon gross debt to Austria
(31-3-82 in $bn)

Poland	1.8
E. Germany	1.2
Hungary	0.9
Soviet Union	0.7
Czechoslovakia	0.4
Romania	0.2
Bulgaria	0.2
Comecon in Europe	5.4

Source: Vienna Institute of Comparative Economic Studies

Dr Haschek's institution is deeply involved in this subject because it is the agency which handles the Austrian export credit guarantee system on behalf of the country's Government.

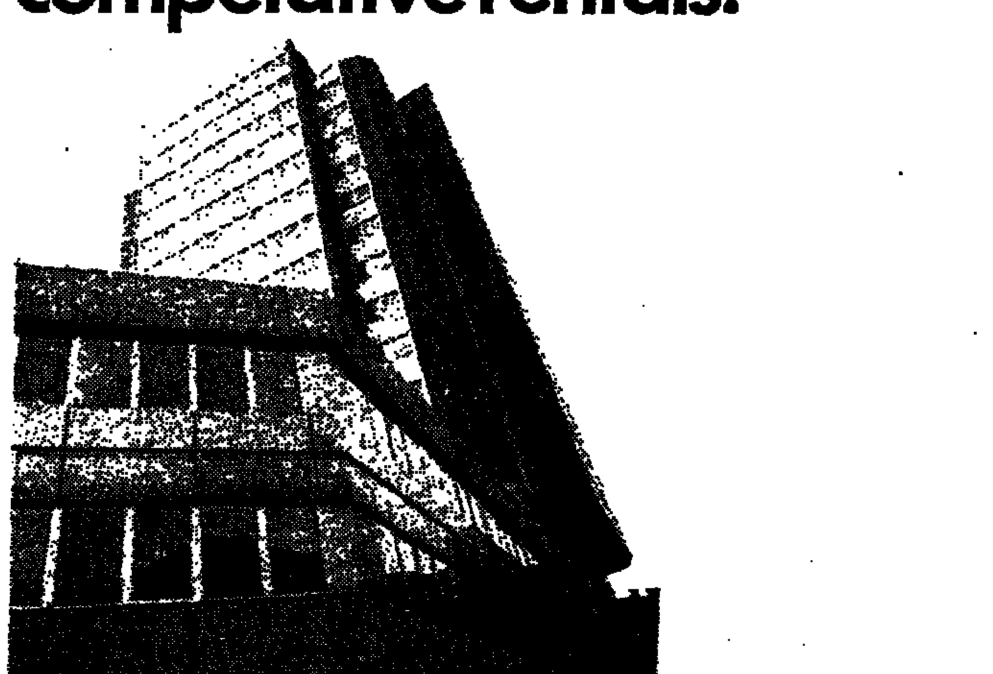
The bank's annual report for 1981 shows that at the end of that year it had undertaken to provide aggregate guarantees covering exports to Comecon in Europe of Sch 84.5bn (about £2.9bn), equivalent to one third of the guarantees extended covering exports worldwide. That compares with a share of these Comecon countries in Austrian exports of about 11 per cent.

Besides proffering export credit guarantees, Kontrollbank also refinances export credits given by the Austrian credit institutions at large. Significantly, the volume of refinancing for sales to Comecon coincided precisely with the aggregate volume of guarantees at end-1981. In other words, nobody who can avoid doing so enters into export commitments to eastern Europe without the security of a guarantee.

Kontrollbank itself is secured by the ultimate guarantee of the Austrian state, though its shareholders are not the Government but the community of Austrian credit institutions. So far in its history, it has not had to fall back on that state guarantee: last year it had write-offs of Sch 139m, making a total of Sch 1.1bn over its history, all of which it has been able to meet from its own resources. Understandably, neither the management nor anyone else in a position of authority in Vienna wishes to endanger that good record by leaning too hard on the Poles: they alone account for more than one third of the export finance proffered to Comecon at the end of last year.

In Austria, as elsewhere in the West, the euphoria of the early 1970s about business opportunities in eastern Europe has given way to extreme caution and not a little fear. That may help to explain why no more has been heard of the implementation of an agreement—announced with some fanfare in March—providing a framework for additional export credit guarantees to the Soviet Union of Sch 10bn.

W.L.L.



Banks and thrift organisations

CONTINUED FROM PREVIOUS PAGE

increased international risks, placed prudence foremost in bankers' minds. The number of insolvencies in Austrian business—though not the amounts of money involved—are still rising. Business volumes in the credit industry are still going up slowly, but improved spreads have reduced the incentive to expand them at almost any price.

This phase of consolidation, which may have to continue for several years, finds Austria with what may prove to be a larger number of bank branches than profitability requires. At present there are about 5.100 branches which means that the number of potential customers per branch is lower than in any comparable country except Switzerland, the world leader, and West Germany.

Small wonder, therefore, that the industry is appalled by the possibility that the Post Office Savings Bank may be developing into an organisation offering full banking facilities. In theory that could add 2,400 post offices to the branch network. This would however, require legislation the real scope of which is as yet unclear. Within the Socialist majority of the Parliament there is a widespread belief that the post office lacks both personnel and expertise to compete fully in the financial world.

Competition

Even without the post offices, competition is quite hard enough between both individual banks and thrift organisations, and between the main sectors into which the credit industry is by tradition divided. First, and largest, are the commercial and private banks. The savings banks come next, followed by the fast-growing Raifteisen rural co-operatives and a rather less dynamic group of mutual banks catering largely for small business. Each of these groups once had its own traditional clientele but the dividing lines have been largely obscured by the trend towards universal banking.

Thus a number of savings banks have long outgrown the image implied by that title. In particular the two Viennese savings banks, Erste oesterreichische Spar-Casse, and Zentralsparkasse (Z) have long outgrown the status of thrift organisations and are banks in all but historic origin.

Both are active not only at home, but also in international markets. Erste's positions denominated in foreign currency amount to 30 per cent of the balance sheet. In the case of the Z, which celebrates its 75th anniversary this year, the share is 21 per cent.

Smaller thrift organisations generally do their foreign business and much wholesale business as well through umbrella banks at the top of their organisations. As the central bank of the savings bank organisation, Girozentrale (GZ) has grown to be Austria's second largest bank. It has achieved this position with no retail business of its own worth mentioning.

The trend towards universal banking has not gone unchallenged. But except for narrow specialised openings, it is hard to see how the historic process, which is not peculiar to Austria, can be reversed. Nor is it easy to see how, under prevailing political conditions, the growth of a small group of highly specialised institutions set up with government support as joint ventures of the credit industry, can be reversed. Their job is to administer investment incentives and similar public or para-public moneys.

Dr Karl Pale, Director General of GZ, has raised the question whether Austria does not only have too many bank branches but also too many institutions struggling for big bank status. The question is justified, but present trends are running in the opposite direction.

W.L.L.

AUSTRIAN BANKING AND FINANCE III

A narrow home market and trade interests have caused bankers to look abroad for funds and expansion

Foreign assets scramble may slow

THE SCRAMBLE to increase business volumes coupled with the narrowness of the Austrian economy has caused a steep increase in the share of international business in the balance sheets of the country's credit institutions. But second thoughts are beginning to prevail and the process may slow down or even have reached a plateau.

Foreign assets of the entire Austrian credit system rose steeply from Sch 241bn, or 15 per cent of total assets, in 1979 to Sch 376bn (about £12.7bn) or 17 per cent at the end of last March. Foreign liabilities increased from Sch 252bn (16 per cent) to Sch 412bn (19 per cent) in the same period. If you add in foreign currency positions entertained with Austrian residents, some of the larger institutions have a share of foreign business as high as 30-40 per cent in their balance sheets.

Traditionally, international business tends to be less profitable than domestic Austrian business — even though it is done almost exclusively on a wholesale basis. But the recent phase of almost cut throat competition on the Austrian domestic market caused this differential to shrink.

That, however, is not the chief reason why the attitude among bankers in Vienna to a further expansion abroad is becoming more cautious. There are the well known prudential considerations in a world where the creditworthiness of many potential customers is coming under strain. In addition there are reasons to suppose (as discussed elsewhere in this survey) that the entire Austrian credit industry is entering a phase of consolidation.

Originally Austrian bankers ventured abroad by and large by choosing good company in joint ventures and international groups. Thus the country's biggest bank, Creditanstalt-Bankverein (CA) belongs to the Ebic group. Girozentrale (GZ), a wholesale bank in its own right but also the apex of the Austrian savings banks network, has joint ventures in Zurich and Luxembourg, and Laenderbank belongs to the international Abecor group.

Representative

Beyond that, a modest network of foreign representative offices is developing, which is complemented by full blown branches. Both CA and GZ state that new London branches contributed to profits in their first year of operations. CA has received the necessary permit from the authorities in the United Arab Emirates to open an office in Abu Dhabi and plans to open a New York branch next.

Laenderbank, the third largest Austrian credit institution, lists representative offices in London, Amman and New York. As part of the measures of economy and rationalisation hastened by the bank's known difficulties (now solved), a joint venture in Luxembourg was abandoned last year on the grounds that its business could be equally well handled from Vienna or through the Abecor group.

This account of the presence abroad of Austrian banks and other credit institutions is of necessity incomplete. It would, moreover, be wrong to believe that only banks proper have chosen this route to increase business volume. The two large Viennese savings banks, Zentralsparkasse (Z) and Erste Oesterreichische Spar-Casse (Erste) are active both in Eurocredit business and often appear on the tombstone advertisement of international loans and bond issues. So, to a lesser degree, do some of the regional thrift organisations based outside Vienna.

Smaller institutions in general tend to participate indirectly in these markets: the savings banks through GZ, which has built up a considerable expertise and prides itself on having had no losses in its Euro-lending in 1981; and the important rural co-operatives of the Raiffeisen sector through Genossenschaftliche Zentralbank (GZB).

The eagerness with which some of the smaller Austrian credit institutions have forged into the international scene has not gone uncriticised. The example of Poland shows that the big boys, in Austria and elsewhere, can burn their fingers, too. But the close relationship between banking and the exporting needs of the country demonstrates the need for an open-minded approach to banking opportunities world-wide.

W. L. Luetkens

Industrial holdings have caused bankers some problems of profitability and potential conflict of interest

Success era ends

FOR MANY years the boards of the two large state-controlled Austrian Banks, Creditanstalt-Bankverein and Oesterreichische Laenderbank, have regarded their industrial holdings not just as an asset or a profitable investment, but rather as a visiting card at home and abroad. The longest boom period in modern Austrian history together with political stability and labour peace have brought about a rapid growth of industrial output with few questions asked about long-term profitability, competitive standing and structural problems. Critical attention by the media was generally concentrated on the state industries, while the industrial empires of the banks have often been contrasted with ailing state firms.

During the last two years or so, the situation has suddenly changed. This has been primarily due to the collapse of several concerns, once regarded as symbols of Austrian entrepreneurship, such as Voeslauer Textiles, Eumig, the camera producer, Kneissl, the ski producer and Klimatechnik, an engineering group. Laenderbank alone lost some Sch 4.2bn due to the insolvencies of Eumig and Klimatechnik.

Self-confidence

It would, however, be short-sighted and unjust to saddle alone the former management of the bank with responsibility for the collapse of its important industrial clients. There was a general tendency of laissez faire even under Dr Kreisky's socialist government. The long period of economic upswing engendered a mood of excessive self-confidence even in large segments of the private industry.

Industrialists in financial trouble have sought—and more often than not with success—aid from the federal and regional authorities.

The manifold problems affecting the relationship of the two banks to their industrial holdings go back partly to the inter-war and to the immediate post-war period when majority control of Creditanstalt and Laenderbank, passed to the state by the unanimous vote of parliament. This automatically extended state influence in crucial segments of the country's industry. As the directors general of the two banks are appointed by the party in power it is difficult to avoid completely political back-seat driving even in this sector.

It should be added that, since 1946, the entire steel and fuel sectors as well as large parts of the metallurgical, heavy engineering, chemical, electronic and mining industries are state-owned. These account for almost a fifth of the industrial labour force.

Currently, and for the first time, both large state-controlled banks are headed by members of the Socialist Party. It is not so much a question of the personalities involved, but of the dynamics of political power battles in a small country. Everybody now recognises the potential conflicts of interest in the same institution being both shareholder and lender, not only granting credit and advising on shares but also helping to steer the policy of companies to which it has lent funds and about which potential investors may ask for advice.

In view of the lack of capital, the absence of really large private companies and the political unacceptability of a takeover of major firms by foreign capital, there is simply no viable alternative to the present system.

This was stressed by Dr Franz Vranitzky, the chairman of the board and director general of Laenderbank at the last annual meeting when he presented the dismal report for 1981. He called it the "worst year ever in the bank's history."

The sale of holdings is not a taboo topic but on the other hand the 18,000 staff of the companies controlled by the bank should not be "confused" by such speculation. The turnover of the firms in which the bank has more than a 25 per cent interest totalled Sch 17.3bn. Last year, with exports accounting for Sch 7.1bn. The list of firms controlled by Laenderbank includes such well-known companies as Waagner-Biro and Voith (engineering), Perlmooser (cement), Lenzing (man-made fibres) and several construction companies.

It remains to be seen whether the large-scale rationalisation and cost-cutting efforts initiated by Dr Vranitzky and his team will also lead to changes in the industrial holdings in the long term or in the relationship between Laenderbank and the various other affiliated credit institutes. It would be unjust to regard only the Laenderbank as the most controversial case. It is in fact the Creditanstalt which is the real power behind the industrial scene and which has also been badly hit by the impact of the world economic crisis and some domestic political difficulties.

The total turnover of the industrial empire controlled by the Creditanstalt was last year almost three times larger than that of the Laenderbank. It accounts for 10 per cent of the labour force and of the investments of Austrian industry. The group had at the end of 1981 52,000 employees. The share of exports is claimed to reach 56 per cent of the industrial turnover as against 40 per cent for Austrian industry as a whole.

The two largest companies, Steyr-Daimler-Puch, the motor concern, and Semperit, the tyre concern, have been adversely affected by the collapse of the foreign markets for mopeds and car tyres respectively. Both firms wish to establish new co-operation ventures with Japanese producers.

Semperit has managed to win over Mitsubishi Belting for a joint project at Wimpassing in Lower Austria. The plant, erected at a cost of Sch 110m, will provide jobs for 250 in a depressed area. Steyr has concluded a basic agreement with Suzuki but details of the deal affecting marketing and market-sharing have not been revealed.

Powerful

While Semperit is still looking for a more powerful foreign partner, Steyr also has to cope with setbacks in armaments exports. Faced with loud political protests raised by influential functionaries of the ruling Socialist Party, Steyr had to cancel a major arms deal with Chile in 1980 and the delivery of light Kurassier-type tanks for Argentina was suspended after the outbreak of the Falklands crisis.

Officially, arms exports are said to have reached 15 per cent of Steyr's Sch 16bn turnover last year. In view of the further tightening of legislation, the company may well have to shift production more and more to foreign assembly plants. But the extremely profitable arms sector helps to protect jobs and there is no alternative in sight.

Creditanstalt is faced with problems of retrenchment also in the case of glass, textile and metal companies, whereas chemicals, engineering and construction firms controlled by the bank are still doing well. In a country accustomed to decades of full employment and to one of the lowest unemployment rates in the world, redeployment of industrial capacity and labour is a major political issue, with final decisions resting with the federal and regional government and the trade union federation rather than with the boards of the nationalised banks.

Paul Lendvai

Socialists continue to open door to foreign investors

THE ENTIRE Austrian cabinet, headed by Chancellor Dr Bruno Kreisky paid at the end of May an unusual visit to a new industrial plant of General Motors in the Vienna industrial region.

The factory, just completed in a record two years, is not yet working at full capacity but it has already become the largest and also the most controversial foreign investment project in a country which for the past 12 years has been run by a socialist government.

The point is that General Motors, for so many left-wingers an ugly symbol of transnational capitalism, has been accepted by Socialists while the staunchly conservative spokesmen of the business community have launched sharp attacks on the alleged discrimination against small and medium sized Austrian firms and the excessively large subsidies granted to a multinational giant.

It is of course a much publicised fact that General Motors (GM), the number one car producer in the world, has received an investment grant of Sch 2.6bn from the Federal Government and the Vienna Municipality (a sum equivalent to one third of the total investment outlay) in addition to infrastructure investments in the region of Sch 700m. The opposition complains that the vast grants are in no sensible relation whatsoever to the benefits for Austria at a time when money is scarce and many Austrian entrepreneurs are fighting for survival.

During the Austrian Government's visit Chancellor Kreisky praised the GM venture as "an ideal project of co-operation between government and business." The socialists' central organ, Arbeiter Zeitung, devoted an entire page with three photographs to the arguments presented by Mr Gerald Glenn, the Director General of GM-Austria.

The arguments include investments worth Sch 2.9bn in plant and machinery went to Austrian firms—Sch 300m more than in the original contract envisaged; when the plant reaches full capacity of 270,000 motors and 380,000 gear boxes per annum in mid-1983, Austria's visible trade balance will improve in net terms by Sch 3.2bn and already this year Austria will gain Sch 350m in additional export earnings.

Once the plant is fully on stream, proponents continue, GM will buy Sch 1.3bn-worth of components and material from Austrian suppliers in addition to pumping Sch 2.4bn per annum in wages into the Austrian economy. The production staff, now totalling 1,325 should reach 3,000 and skilled workers will account for one-third of the total.

For the Socialist Government the GM project is a politically valuable symbol. Despite a Socialist Government and Dr Kreisky's occasional anti-American remarks, the U.S. have opted for neutral, stable Austria for the site of a large investment project.

Positive view

In any case, the General Motors venture has confirmed the impression that the Government is continuing with its open door policy towards foreign investors. The unions, dominated by the Socialists, are also taking a distinctly positive view of any major project which appears to provide jobs on a massive scale.

Nevertheless Austria has also had some unpleasant experiences with joint ventures. A case in point is the sudden end to the much praised project of a diesel engine plant built jointly by Steyr-Daimler-Puch, the Austrian motor concern, and BMW, the German motor company. The plant, expected to cost Sch 6.5bn by the time the second stage is completed, started engine production last May. Initial capacity will be for some 100,000 engines a year, but this will rise to about 200,000 by the mid-1980s.

However in the meantime BMW last February took full control of the project, taking over the 50 per cent interest held by Steyr because the novel direct injection diesel engine to have been developed by Steyr-Daimler-Puch has fallen far behind its original schedule. The engine is not expected to be ready for series manufacture before 1985 at the earliest.

The plant, which now employs some 600 workers and at full capacity should provide more than 1,200 jobs, has been erected with massive Austrian subsidies. About 15 per cent of the capital investment costs are provided by the federal state, and some Sch 150m has been set aside by the province of Upper Austria and the Municipality of Steyr. The takeover of the Steyr holding by BMW sparked off political controversies because Chancellor Kreisky had not been informed in time of the impending decision.

Nevertheless Steyr succeeded in concluding a major co-operation deal last May with the Volkswagenwerke. From October 1984 the Graz-Thondorf plant of Steyr will turn out 10,000 four-wheel-drive VW transporters per annum. The project provides some 800 jobs.

The Austrian side pumps Sch 250m subsidies into the venture with the federal state putting up two-thirds and the region of Styria one-third of the sum.

In view of the growing rate of unemployment (albeit still very low by European standards) both the federal and regional authorities are keen to secure deals with serious foreign investors. However the recipients of investment grants are more closely scrutinised than before. The present atmosphere of increased caution and creeping pessimism are not conducive to the provision of massive subsidies.

The change in the investment climate does not mean a less friendly attitude towards foreign investors. The last statistical survey on foreign investments, compiled by the Central Bank, concluded that the foreign stake in the Austrian economy has remained remarkably constant during the last few years.

P.L.

Active early Wall St rally

TRADING ON Wall Street became very heavy yesterday morning with a renewed rally taking place, although the market lost a good deal of the improvement around mid-session.

Some of the heavy volume was attributed to window dressing by institutions prior to the end of the second quarter.

Investors were encouraged by a rally in the Bond market and a 0.3 per cent rise in U.S. leading economic indicators for May, the third consecutive monthly improvement.

However, the high level of the Federal Funds Rate, on overnight loans between banks, may have inhibited the rally, analysts added. The closely watched rate rose to 14¼ pe rcent from the previous night's close of 13 per cent.

The Dow Jones Industrial Average rose almost six points before recording a net gain of 3.05 at 815.26 at 1 pm. The NYSE All Common Index was only 6 cents ahead at $63.34, after a mid-day advance of 26 cents. Trading volume, however, swelled to 52.54m shares from Tuesday's 1 pm figure of 33.21m.

Oil issues weakened, reflecting concern over continued softness in world oil prices. Superior lost 1¼ to $28¼, Phillips ½ to $30⅝ and Shell 3¼ to $36⅝.

Eli Lilly fell 1⅝ to $57⅜ after the company announced that its Oraflex anti-arthritic drug should be given in lower dosages to elderly patients due to its possible adverse effect on the kidneys.

Gulf United climbed $2 to $22¼. The company said on Tuesday that it was considering the disposition of its life insurance subsidiary.

THE AMERICAN SE Market Value Index was up 0.88 at 251.10 at 1 pm. Volume 2.41m shares.

Canada

Markets, after picking up from Tuesday's depressed levels which reflected dissatisfaction with the Canadian Budget proposals, slipped back to make a mixed showing at midday.

The Toronto Composite Index was still up 3.6 at 1,370.6 but rises and falls on the Exchange were evenly matched. Half of the 14 indices were still ahead, with Golds up 25.4 at 1,605.7 and Oil and Gas 15.1 higher at 2,407.3.

Closing prices for North America were not available for this edition.

Tokyo

Some bargain hunting, which was particularly evident late in the session, coupled with bidding for stock by brokerage concerns on end-month considerations, caused selective Blue Chips and a number of other issues to pick up yesterday. Sentiment was aided by an upturn in the yen against the U.S. dollar and Wall Street's success overnight in holding its Monday rally.

The Nikkei-Dow Jones Average recovered 33.17 to 7,213.87 and the Tokyo SE Index 2.36 to 539.25, but volume was low, coming to 180m shares (220m).

Computer Electronic companies, which have been trading under the shadow of the IBM computer secrets case in the U.S. against Hitachi and Mitsubishi Electric, recovered some ground yesterday.

News earlier in the week that a Detroit newspaper had reported that U.S. authorities are investigating three other cases of industrial espionage, in the wake of the IBM case, had cast a cloud over all other Japanese Electronics issues. The fact that Hitachi, which had fallen sharply of late, showed some sign of recovering yesterday despite the adversities it has faced, was a welcome relief to many market participants, dealers said.

Hitachi recouped Y9 at Y612, while Mitsubishi Electric improved Y8 to Y241, Toshiba Y15 to Y320 and Nippon Electric Y12 to Y767.

Toyota Motor advanced Y24 to Y934 on a local Press report that the parent company will post a 36 per cent rise in net earnings for the six months to the end of June. Among other Motors, Honda put on Y9 to Y724 and Nissan Y17 to Y540.

...Elsewhere, Fuji Photo climbed Y50 to Y1,470, Ajinomoto Y31 to Y860 and Fujisawa Y50 to Y1,390, but Canon dipped Y13 to Y695 and Sony Y40 to Y3,350.

Non-ferrous Metals were preferred on the strength of the firm tone of overseas metals markets, with Mitsubishi Metal adding Y11 at Y262, Mitsui Mining and smelting Y21 at Y273 and Toyo Aluminium Y19 at Y297.

Germany

After an early fresh improvement on meeting further domestic and foreign buying, Bourse prices drifted easier around mid-session as orders dried up. However, renewed demand occurred near the close, leaving the market mixed to higher on the day. The Commerzbank Index, which rose 5.1 on Tuesday, was finally 1.6 higher yesterday at 684.4.

Motors were broadly highr, Volkswagen pacing the sector with a rise of DM 2.50 to DM 145, the day before its annual shareholders meeting. Daimler-Benz put on DM 2 to DM 294.50, while BMW, in anticipation of satisfactory results, was up DM 1 at DM 2/4, after touching DM 204.50.

AEG suffered from the lack of progress on its bid for substantial Government aid and fell another DM 1.50 to DM 30. Dealers said the problems of the Electricals concern also hurt its bankers, and Dresdner Bank shed DM 9.90 to DM 137.60, Deutsche DM 0.60 to DM 263 and Commerzbank DM 0.60 to DM 136.40.

Export-orientated Engineerings were still bolstered by news of West Germany's DM 5bn trade surplus for May, announced on Tuesday. Linde advanced DM 2.80 and GHH DM 1.50.

Paris

Stocks closed on a mixed note. Analysts noted that some French shares continued to benefit from selective buying by Mutual Funds. French stocks must represent a 60 per cent share of their porfolios at the end of the quarter. However, dealers noted that buying enthusiasm was restrained. many investors aparently discouraged by the French Government austerity measures that go into effect today.

Johannesburg

With the Bullion price further rallying yesterday, Gold shares gained some ground in quiet trading. Other sectors of the market also became firmer-inclined, with a strengthening Financial Rand, which ended 2¼ higher at 78½ U.S. cents, encouraging overseas interest.

Australia

Markets closed the financial year on a quiet note, with shares, where changed, recording mostly small mixed movements. The Australian All Ordinaries Index, however, managed to retrieve 2.3 more to 473.1.

Brokers said subdued trading is expected for the rest of the week. Analysts commented that major investors are reluctant to commit funds to equities while the timing and strength of the recovery in the U.S. economy remained uncertain. The deepening recession in Australia is also keeping local activity depressed.

Hong Kong

The market staged a mild rally yesterday in quiet trading ahead of today's closure for a local holiday.

However, most investors were waiting for a positive trend to develop on Wall Street.

Outside the leaders, Paul Y put on 15 cents to HK$5.85 after announcing a seven-cent dividend and one-for-three bonus issue, while Hsin Chong improved 7.5 cents to HK$2.40 on year-end results and a five-cent dividend.

In contrast, Associated Hotels lost 20 cents to HK$6.60 on sharply reduced half-year net profits.

Indices

NEW YORK —DOW JONES

	June 29	June 28	June 25	June 24	June 23	June 22	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	812.21	811.95	803.08	810.41	813.17	799.66	882.52 (4/1)	788.62 (18/6)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	58.15	58.36	58.45	58.68	58.60	58.42	60.27 (27/5)	56.67 (12/2)	—	—
Transport.	318.27	319.38	315.35	317.00	316.70	307.78	388.46 (7/1)	303.78 (21/6)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	106.96	106.52	106.57	106.83	106.13	106.30	116.95 (7/5)	103.61 (13/1)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000-†	48,990	48,700	38,740	55,860	62,710	55 280	—	—	—	—

◆ Day's high 818.40 low 805.18

	June 25	June 18	June 11	Year ago (Approx
Indust'l div. yield %	6.95	7.08	6.90	5.50

STANDARD AND POORS

	June 29	June 28	June 25	June 24	June 23	June 22	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	123.29	125.44	122.09	122.92	123.58	121.18	157.28 (4/1)	118.41 (8/3)	160.96 (28/11/80)	3.52 (30/6/32)
§Comp'site	110.21	110.26	109.14	109.83	110.14	108.30	122.74 (4/1)	107.20 (21.6)	140.52 (28/11/80)	4.407 (1/6/32)

	June 23	June 16	June 9	Year ago (approx)
Indust'l div. yield %	5.89	5.97	5.96	4.74
Indust'l P/E ratio	7.76	7.65	7.66	8.98
Long Gov. Bond yield	14.02	13.66	13.39	12.92

NY. S.E. ALL COMMON

June 29	June 28	June 25	June 24	1982 High	1982 Low
63.28	63.29	62.72	63.12	71.20 (4/1)	61.73 (21/6)

Rises and Falls

	June29	June28	June25
Issues Traded	1,832	1,831	1,794
Rises	691	876	450
Falls	707	505	910
Unchanged	433	450	434
New Highs	26	26	12
New Lows	59	45	57

MONTREAL

	June 29	June 28	June 25	June 24	1982 High	1982 Low
Industrials	255.52	259.76	258.47	(c)	332.79 (4.1)	249.68 (21/6)
Combined	240.65	246.72	244.87	(c)	316.08 (4.1)	237.27 (21/6)
TORONTO Composite	1366.9	1411.5	1397.9	1485.5	1998.5 (4.1)	1355.7 (21/6)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Cities Servs.	922,400	54¼	−⅛
NLT	777,300	35⅞	+½
Diamond Shmrk.	683,800	21⅛	+2⅞
Exxon	570,600	28	+⅛
M-A Comm.	542,400	17½	−⅞
Am. Tel. Tel.	536,200	50⅝	+⅛
Middle S. Util.	512,000	13	+⅛
Dow Chem.	511,600	20⅞	+⅛
Cox Br'dc'sting	487,300	24	−⅛
Phillips Petlm.	479,900	31½	−⅜

	June 30	June 29	June 28	June 25	1982 High	1982 Low
AUSTRALIA						
All Ord. (1/1/80)	473.1	470.8	465.4	466.5	585.5 (4/1)	455.9 (10/5)
Metal & Minls. (1/1/80)	337.9	335.3	324.2	324.9	425.1 (6/1)	308.8 (25/6)
AUSTRIA						
Credit Aktien (2/1/62)	48.64	48.68	48.60	48.60	56.98 (4/1)	48.60 (28/6)
BELGIUM						
Belgian SE (31/12/63)	92.90	92.80	92.80	93.16	102.45 (5/4)	86.42 (29/1)
DENMARK						
Copenhagen SE (1/1/73)	111.84	111.81	111.82	111.15	128.22 (25/2)	109.53 (18/6)
FRANCE						
CAC General (31/12/81)	99.2	98.9	98.5	98.79	111.6 (12/5)	95.6 (4/1)
Ind Tendance (31/12/81)	110.7	110.4	109.7	109.50	124.8 (12/5)	97.7 (4/1)
GERMANY						
FAZ-Aktien (31/12/58)	224.29	223.74	222.19	222.09	239.45 (5/4)	218.35 (18/1)
Commerzbank(Dec1953)	684.4	682.8	677.7	677.10	729.8 (5/4)	666.7 (18/1)
HOLLAND						
ANP-CBS General (1970)	86.7	88.8	86.9	87.3	95.0 (10/5)	84.0 (6/1)
ANP-CBS Indust (1970)	67.7	67.6	67.8	67.8	74.8 (10/5)	65.2 (4/1)
HONG KONG						
Hang Seng Bank (31/7/64	1278.56	1269.38	1268.76	(c)	1445.32 (12/1)	1129.88 (9/3)
ITALY						
Banca Comm Ital.(1972)	154.67	155.27	155.42	158.02	212.66 (19/3)	155.27 (29/6)
JAPAN**						
Dow Average (16/5/49)	7213.87	7180.70	7204.19	7202.45	7928.56 (27/1)	6889.53 (17/3)
Tokyo New SE (4/1/68)	539.25	536.89	538.56	539.61	585.29 (27/1)	520.78 (17/3)
NORWAY						
Oslo SE (1/1/72)	115.67	116.54	116.25	116.37	130.39 (26/1)	109.12 (1/4)
SINGAPORE						
Straits Times (1966)	702.14	698.26	698.69	699.89	816.76 (6/1)	687.49 (9/3)
SOUTH AFRICA						
Gold (1958)	(u)	363.6	362.5	361.9	569.3 (6/1)	341.1 (21/6)
Industrial (1958)	(u)	507.5	508.6	512.3	711.7 (8/1)	507.5 (29/6)
SPAIN						
Madrid SE (30/12/81)	94.99	(c)	(c)	98.05	107.45 (9/2)	94.99 (30/6)
SWEDEN						
Jacobson & P. (1/1/58)	(u)	584.22	584.07	(c)	656.52 (23/1)	565.32 (29/4)
SWITZERLAND						
Swiss BankCpn.(31/12/58)	244.9	245.4	244.1	243.9	263.1 (11/1)	241.4 (21.6)
WORLD						
Capital Intl. (1/1/70)	—	125.9	125.7	125.3	147.2 (4/1)	123.7 (21/6)

(**) Saturday June 26: Japan Dow 7203.90. TSE 539.40.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavailable.

LONDON STOCK EXCHANGE

Sterling sparks fresh strength in Government stocks

Equities improve slowly despite dearth of business

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 7	June 17	June 18	June 28
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26

* "New time" dealing may take place from 9 am two business days earlier.

The Aslef threat to bring the national rail network to a halt this weekend because of British Rail's intention to introduce flexible rostering failed to cloud London stock market sentiment yesterday after Tuesday's cheerful response to suspension of the NUR's strikes on the national and London underground train services.

Government securities were dominant in the wake of a firmer pound, mainly reflecting the easier dollar, and the unexpected overnight rise in U.S. bonds. The latter was deemed to be of particular significance following the success of the latest U.S. Treasury note auction; this took place against a background of higher loan rates, which usually herald similar increases in prime lending rates.

Longer-dated Gilts were soon showing gains of around a half-point or so, but potential investors were not put off. In relatively thin trading, the longs eventually extended their gains to about a full point, and occasionally more; the high-coupon Treasury 15 per cent 1997 rose 1¼ to 109. The shorts established rises ranging to ⅝, the £30-paid tap, Treasury 12¼ per cent Convertible 1986, improving that much to 29¾. The FT Government Securities index put on 0.50 for a two-day rise of 0.84 to 69.44.

Last week's newcomer to the "bulldog" list, New Zealand 14¼ per cent 1987, for the first time reached a premium on the £25-paid issue price in ending ¼ higher at 25¼.

Equities were none too sure at the opening but slowly gained confidence through the fresh advance in Gilt-edged. Once again, a major depressing influence was the continuing dearth of trade. Situation issues and potential bid stocks attracted interest, but the main body of equities was neglected.

The placing of a large stake in **Minet Holdings**, a recent lively takeover candidate, aroused excitement among Insurance Brokers which all went firmer, while **British Petroleum** remained overshadowed by the reduction in the group's Prudhoe Bay interest. Illustrating the movement in leading shares, the FT Industrial Ordinary share index was marginally easier at 10 am, but then progressed to close 2.3 up on the day at 554.3.

Minet placing

Trading in bid favourite **Minet Holdings** was halted briefly pending a large share placing at approximately 160p per share; the announcement that St Paul Companies of St Paul, Minnesota, U.S., has acquired a 14.99 per cent stake in the company came well after the market close, although Minet had resumed trading at 153p before closing only a penny dearer on balance at 145p reflecting disappointment that a full bid for the company had not materialised.

The placing created interest in other Insurance brokers, **C. E. Heath** rising 7 to 332p, **Stewart Wrightson** 6 to 245p and **Willis Faber** 5 to 477p.

The major clearing banks stayed close to overnight levels after another quiet trade. Among Merchant banks, **Mercury Securities** improved 3 to 205p following the preliminary results.

Scottish and Newcastle found support awaiting today's preliminary figures and closed 2 to the good at 66p. Other major Breweries also made progress with **Bass** 3 higher at 221p, and **Arthur Guinness** 2 up at 83p. Among regionals, **Hardys and Hansons** firmed to 395p following the increased interim profits and dividend.

BPB's annual profits fell marginally short of best estimates and the shares, 4 firmer awaiting the figures, reacted on the announcement to close 3 cheaper on balance at 423p. Yesterday also saw preliminary statements from prospective merger partners **International Timber** and **Montague L. Meyer**; the former put on 5 to 87p on better-than-expected profits, while the latter added a couple of pence to 61p on the reduced loss. Elsewhere in the Building sector, **Barratt Developments** continued to rally and firmed 4 for a two-day gain of 13 to 271p. **Redland** found support and also added 4, to 178p, while **Blue Circle** improved a couple of pence to 444p. Second thoughts about the annual results helped **Wiggins Group**, at 90p, to regain half the previous day's fall of 4, while **Trent Holdings**, still responding to a favourable press mention, put on 2 to a 1982 peak of 44p. **Concrete Products of Ireland** dropped 17 to 50p following the interim results.

The Chemical majors ended virtually unchanged following a very slow business. Elsewhere, **Coates Brothers** hardened 2 to 71p with the A a penny up at 70p. **Leigh Interests**, however, shed 2 to a low for the year of 78p.

GEC up again

Leading Electricals passed a relatively quiet session, but **GEC** continued to make progress awaiting today's preliminary figures and closed 8 higher at a new peak of 973p. **Racal** edged up 3 to 453p, while **Thorn EMI**, recently depressed by persistent talk of a rights issue, rallied 4 more to 407p. **BICC**, in contrast, fell 10 to 315p following reports of a broker's downgraded profit estimate. **MK Electric** moved up 16 to 388p in a restricted market along with **STC**, 10 higher at 590p. **United Scientific** firmed 5 to 370p and **Muirhead** 3 to 145p. **Hadland**, on the other hand, fell 10 to 95p on the interim loss.

Leading Engineers rarely strayed far from overnight closing levels until the late dealings when quotations trended a few pence firmer. Gains of 2 were marked against **John Brown**, 54p, **GKN**, 148p, **TI**, 118p, and **Vickers**, 135p. **Westland** were noteworthy for a gain of 5 to 135p following suggestions that the successor to the Sea King helicopter is about to be sanctioned. Late support left **Babcock** 5 up at 104p, while **Staveley** edged up the same amount to 239p. **Peter Brotherhood**, in contrast, were lowered 12 to 82p in a difficult market. Smaller-priced issues to give ground included **Moss Engineering**, 2 lower at 29p and **Brooke Tool** a penny cheaper at 11p.

Trading statements prompted a couple of firm spots in Foods, **Avana** jumping 13 to 298p on the almost doubled preliminary profits and increased dividend, and **Paterson Jenks** putting on 5 to 79p on better-than-expected annual results. Elsewhere, **Tesco** met late support on hopes of beneficial results from the company's price-cutting operation and gained 4 to 67p. **Associated Dairies** encountered scrappy selling and shed that much, to 124p, but **J. Sainsbury** stayed at 625p, helped by the chairman's confident statement at the annual meeting. **Tate and Lyle** slipped to a 1982 low of 158p before reverting to the overnight level of 160p, while **British Sugar** also ended unaltered on balance at 475p, after 480p. Elsewhere, **Hillards** held at 150p; the price in yesterday's issues was incorrect.

Savoy A attracted fresh support on hopes that **Trusthouse Forte** will make another bid for the company and put on 2 to a peak for the year of 222p; the B shares stayed at £22. Trusthouse rose 4 to 120p, while **Grand Metropolitan** edged up 2 to 227p.

Hayters advance

The miscellaneous industrial leaders tended to edge a little higher in the late dealings, **Glaxo** ending 4 dearer at 704p, and **Boots** a couple pence firmer at 208p. **Smith Industries** turned dull but closed above the worst with a fall of 5 at 335p, after 333p. Elsewhere, good interim figures left **Hayters** 10 higher at 190p. **Johnson Group** edged up 4 more to 267p after the previous day's jump of 45 in response to the unwelcome bid from **Sunlight Services**; the latter rallied 3 to 94p. **De La Rue** encountered fresh offerings and gave up 10 more to 455p, while **Jenks and Cattell** eased 2 to 30p after the interim figures and proposed rights issue. Fresh demand in a limited market left **Barget** 8 higher at 153p. **Kennedy Smale** firmed 4 more to 160p on the merger talks with **Charles Hill** which reacted 5 to 115p.

Motor Components turned easier reflecting a general lack of interest. **Lucas**, 169p, **AE**, 41½p, and **Jonas Woodhead**, 23p, all shed a couple of pence. Distributors were irregular. **Lex Service**, 128p, and **Frank Gates**, 65p both added a few pence, but **Henlys**, which announced disappointing first-half figures earlier in the week, showed renewed dullness at 81p, down.

Bemrose held steady at the overnight level of 138p, a couple pence below the increased cash offer from **Bunzl Pulp**, a penny cheaper at 162p. The offer is described as final, but Bemrose have again rejected the terms as wholly unacceptable. **British Printing and Communication**, which has recently built up a 12 per cent stake in Bemrose, was widely believed to be active in the market again yesterday; the shares were unchanged at 33½p.

Selected Property issues encountered buying. **Land Securities** hardened a couple of pence to 272p, but **MEPC**, 2 dearer at one stage, drifted off to close unchanged at 180p. **Property Holding and Investment** firmed 4 to 124p and **Westminster Property** 1½ to 29p. On the other hand, consideration of the annual results left **Churchbury Estates** 10 down at a 1982 low of 545p, while **Greycoat Estates** shed 6 to a low for the year of 120p.

BP ease afresh

British Petroleum remained depressed by the cutback in the company's stake in Prudhoe Bay output and eased afresh to 284p before settling a net 4 down at 286p. Elsewhere in the sector, quotations held steady until the late dealings when a slightly firmer tone developed.

Overseas Traders featured **Inchcape**, which rallied 10 to 265p on recovery hopes following recent weakness on disappointing results.

Investment Trusts finished with narrow mixed movements after an exceptionally subdued business. Among Financials, **Robert Kitchen Taylor** put on 5 to 132p on revived speculative support.

Shippings lacked a decided trend. **Reardon Smith A**, dull of late, rallied a couple of pence to 65p, while **Gotaas-Larsen** closed 15 higher at 280p. In contrast, **Milford Docks**, 112p, and **Lyle**, 207p, both shed 3.

U.S. objections to the tar content of the group's Barclay cigarette continues to unsettle **Bats** which eased 5 for a two-day fall of 16 to 425p.

South African industrials continued to draw strength from higher metal prices and the buoyant Financial Rand. **OK Bazaars** added 25 for a two-day gain of 60 at 650p, while **South African Breweries** rose 6 to 176p.

Golds move ahead

Mining markets enjoyed a day of good gains and increased turnover following renewed strength in both precious and base-metal prices.

The $7 improvement in the bullion to $318, after $319, encouraged persistent support for Golds which made progress throughout the day. The flurry of activity in the metal price during the later afternoon prompted a sharp mark-up of share prices which accordingly closed at the day's best levels, leaving the Gold Mines index a further 5.4 higher at 203.7—a rise of 22.5 over the last six trading days.

The marginal issues were particularly in demand led by **Durban Deep**, 53 to the good at 632p, and **West Rand Consolidated**, 11 up at 72p. **Grootvlei** added 18 to 293p and **Venterspost** 26 to 258p.

The demand for Golds spilled over into South African Financials where **De Beers** continued to improve and closed 7 up at 198p for a three-day gain of 17. "**Amgold**" rose ½ to £27 and **Transvaal Consolidated Land** a point to £16.

Australians were generally firmer but rises owed more to overnight demand in Sydney and Melbourne than to any significant London buying interest. **CRA** were prominent at 172p, up 8.

Proceedings in Traded Options were again dominated by **Imperial Group** which attracted an exceptionally active 780 calls. Once again the August series proved popular and the 90's recorded 252 deals and the 100's 210. The

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 28	July 9	Sept 30	Oct 11
July 12	July 23	Oct 14	Oct 25
July 26	Aug 6	Oct 28	Nov 8

For rate indications see end of

Money was given for the call in **Trafalgar House**, **Ferranti**, **Lonrho**, **Sturla**, **KCA International**, **Marshalls Universal**, **Eagle Star** and **Trident TV**. A put was done in **De Beers**, while doubles were taken out in **ICL**, **North Kalgurli**, **Endeavour**, **Lonrho** and **Eagle Star**. ... .

FINANCIAL TIMES STOCK INDICES

	June 30	June 29	June 28	June 25	June 24	June 23	A year ago
Government Secs.	69.64	68.94	68.60	68.64	69.07	68.75	65.51
Fixed Interest	69.75	69.49	69.31	69.36	69.58	69.50	67.56
Industrial Ord.	554.3	552.0	544.2	549.1	554.2	555.9	548.7
Gold Mines	203.7	198.3	197.4	191.1	190.4	182.7	274.8
Ord. Div. Yield	5.58	5.60	5.68	5.65	5.60	5.59	5.81
Earnings, Yld.% (full)	11.63	11.67	11.85	11.76	11.66	11.65	11.59
P/E Ratio (net) (*)	10.45	10.41	10.28	10.33	10.43	10.44	10.77
Total bargains	13,517	12,323	12,306	12,525	13,001	13,568	19,546
Equity turnover £m.	—	102.24	69.28	81.351	110.21	113.93	104.45
Equity bargains	—	9,573	8,610	8,960	10,288	10,372	16,029

10 am 551.7. 11 am 552.9. Noon 553.1. 1 pm 55.31.
2 pm 553.3. 3 pm 553.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.69.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.40 (7/6)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.57 (14/6)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.3 (22/6)	558.9 (22/9/80)	43.5 (28/10/71)

S.E. ACTIVITY

	June 29	June 28
—Daily		
Gilt Edged Bargains	128.8	131.6
Equities Bargains	62.0	55.8
Equities Value	206.6	140.0
5-day Avrge.		
Gilt-Edged Bargains	134.8	137.8
Equities Bargains	61.9	64.5
Equities Value	192.8	204.1

MONTHLY AVERAGES OF STOCK INDICES

—	June	May	April	March
Financial Times				
Government Securities	69.51	68.73	67.47	68.38
Fixed Interest	69.97	69.37	68.01	68.65
Industrial Ordinary	570.0	578.7	563.6	560.3
Gold Mines	209.7	235.8	259.1	254.0
Total Bargains	15,144	16,158	17,903	22,672
F.T.— Actuaries				
Industrial Group	329.31	328.56	316.49	315.88
500 Share	361.72	362.48	348.48	345.40
Financial Group	246.13	247.74	249.84	251.23
All-Share (750)	330.25	332.57	323.05	322.41
	High		Low	
Industrial Ordinary	594.0 (8th)		554.2 (28th)	
All-Share	340.98 (8th)		319.78 (28th)	

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div.	Times covered	Gross yield	P/E Ratio
[illegible]	F.P.	30/7	15	11	Argyll Foods Warr'ts	11					
[illegible]	F.P.	—	47	47	Argyle Trust	47					
[illegible]	F.P.	[illegible]	260	260	Assoc. Heat Services	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
46	F.P.	[illegible]	55	50	Bairstow Eves 5p	50		[illegible]	[illegible]	[illegible]	[illegible]
§90	F.P.	[illegible]	[illegible]	92	Black (Michael) 20p	98		[illegible]	[illegible]	[illegible]	[illegible]
15	F.P.	16/4	22	19	Cambrian & Gen. 7½p	20					
§260	F.P.	[illegible]	445	293	Cont. Microwave	420					
§518	F.P.	[illegible]	72	58	Dencora	59		[illegible]	[illegible]	[illegible]	[illegible]
§30	F.P.	[illegible]	160	140	Druck Hldgs	155		[illegible]	[illegible]	[illegible]	[illegible]
§87½	F.P.	[illegible]	[illegible]	84	Electro-Prot. US$0.60	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
—	—	—	17	10	Group Inv Option	12					
§157	F.P.	[illegible]	185	150	McCarthy & Stone	183		[illegible]	[illegible]	[illegible]	[illegible]
§105	F.P.	[illegible]	131	110	Miles 33 10p	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
600	F.P.	[illegible]	630	595	Cotner SA US$0.50	[illegible]					
§150	F.P.	[illegible]	155	150	Oilfields Insp. Srvs	155		[illegible]	[illegible]	[illegible]	[illegible]
77	F.P.	14/7	97	88	Radio City 'A' NV	88		[illegible]	[illegible]	[illegible]	[illegible]
140	F.P.	[illegible]	168	156	Ruddle (G.) 10p	156		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	40	40	Zambia Cons Cpr [illegible]	40					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
§100	Nil	9/7	7pm	1½pm	Benlox 9% Conv. Cum. Rd. Pf.	2pm	+¼
¶100	£10	26/8	11¾	10½	Bournemouth Water 9% Red. Prf. '8789	11¾	......
¶¶	F.P.	—	146½	131	First Nat. 12½pc Conv. Uns. Ln. 1987	131	......
101	F.P.	30/7	109	107	Lon&Cont 11½% Conv. Sub. Uns. Ln. '95-02	108	......
§100	F.P.	9/7	101	92½	Marlborough Props. 10% Cnv. Ln. '98-2002	92½	......
98.55	£25	8/10	26	23¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07	24¾	+¼
§100	F.P.	—	100⅞	100½	Nationwide Bdg. Soc. 14¼% (25/4/83)	100¼	......
§100	F.P.	—	100	99½	Do. 13⅞% (23/5/83)	100	......
100	F.P.	—	100⅛	100⅛	Do. 13⅞% (3/6/83)	100⅛	......
100	F.P.	—	99⅞	99⅞	Do. 14% (4/7/83)	99⅞	......
99.345	£25	—	25¼	24⅛	New Zealand 14¼% 1987	25¼	+⅛
¶100	F.P.	—	47	38	RIT & Northern 4pc Net Cum. Prf. £1	41	......
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
166	Nil	9/7	6/8	22pm	18pm	Applied Computer Tech	18pm	......
170	F.P.	13/5	24/8	190	180	Bank Leumi (UK) £1	185	......
135	F.P.	28/5	9/7	160	157	Carless Capel 10p	158	+1
174	F.P.	18/6	30/7	233	218	Grand Met 50p	228	+2
Kr.150	Nil	—	—	£5½pm	£3pm	Great Northern Tel (£10)	£3½pm	......
50	F.P.	24/6	13/8	58	52	Press (Wm.) 10p	58	+6
325	F.P.	17/6	30/7	445	380	Saatchi & Saatchi 10p	390	......
215	Nil	5/7	13/8	40pm	28pm	Sketchley	36pm	+3
25	F.P.	10/6	10/6	25	24	Young (H.J.)	25	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Avana	298	+13	Inchcape	265	+10
BICC	315	−10	International Timber	87	+ 5
Barratt Development	271	+ 4	Minet	145	+ 1
De Beers Deferred	198	+ 7	Plessey	470	—
GEC	973	+ 8	Racal Electronic	453	+ 3
Imperial Group	106	+ 1	Vaal Reefs	£23⅜	+ ½

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
GEC	15	965	+20	Ferguson Ind	10	98	—
BAT Inds	13	430	−11	Ferranti	10	743	+18
BP	13	290	− 8	Barratt Dev	9	267	+ 9
RTZ	13	368	+13	ICI	9	310	+ 2
Shell Trans	12	392	− 4	Imperial Group	9	105	+ 4
Jhnson Clnrs	11	263	+45	Plessey	9	470	+10
Racal Elec	11	450	+10	Trident TV A	9	71	− 2

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Wed June 30 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues June 29 Index No.	Mon June 28 Index No.	Fri June 25 Index No.	Thur June 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	387.45	+0.8	9.45	4.26	13.15	386.65	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (202)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (76)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	Price indices	Wed June 30	Day's change %	Tues June 29	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	—	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	—	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	—	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	—	[illegible]
5	All Stocks	[illegible]	[illegible]	[illegible]	—	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	—	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	—	[illegible]

	Average gross redemption yields	Wed June 30	Tues June 29	Year ago (approx.)
1	British Government Low 5 years	[illegible]	[illegible]	[illegible]
2	Coupons 15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4	Medium 5 years	[illegible]	[illegible]	[illegible]
5	Coupons 15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7	High 5 years	[illegible]	[illegible]	[illegible]
8	Coupons 15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14	Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (26)

BRITISH FUNDS (7)
Excher. 8¼pc '83 — Transpt. 3pc '78-88
Fundg. 5½pc '82-84 — Treas. 3pc 1987
Treas. 3pc 1987 — Treas. 5pc '86-89
Treas. 3pc 1985

CORPORATION LOANS (1)
Herts. [illegible]

LOANS (1)
Met. Water 3pc B

BEERS (1)
Young Brew N.V.

BUILDINGS (1)
Trent Holdings

ELECTRICALS (2)
GEC — M.K. Electric

ENGINEERING (1)
Westland

FOODS (1)
Tesco

HOTELS (1)
Savoy A

INDUSTRIALS (4)
Cons. Stationery — Ingall Inds. — Hayters — Kennedy Smale

INSURANCE (1)
Minet

MOTORS (1)
Gates (F. G.)

TRUSTS (1)
Tokyo SA

TOBACCOS (1)
Imperial Group

TEAS (1)
Assam Frontier

MINES (1)
Newmetal

NEW LOWS (84)

AMERICANS (5)
Bethlehem Steel — Norton Simon — [illegible]

CANADIANS (5)
Brascan — Canadian Pacific — Hawker Sidd. Can. — [illegible]

BANKS (1)
Bank of Scotland

BUILDINGS (4)
Cender Int. — Church (G.) — Leyland Paint — [illegible]

CHEMICALS (1)
Leigh Interests

STORES (2)
[illegible]

ENGINEERING (4)
Brooke Tool — Weir Group 10pc Conv. Pref. — Brotherhood (P.) — Moss

FOODS (1)
Tate & Lyle

INDUSTRIALS (9)
De La Rue — Morgan Crucible — Hoskins — Smith — Jenks & Cattell — Solicitors' Law — [illegible]

INSURANCE (1)
Hambro Life

MOTORS (4)
A.E. — Woodhead (J.) — Lucas Inds. — [illegible]

NEWSPAPERS (2)
Fleet Hldgs. — Gordon & Gotch

PROPERTY (9)
British Estate — Brixton Estate — Churchbury Ests. — Greycoat Estates — Town & City — [illegible]

SHIPPING (3)
Common Brothers — Milford Docks — Lyle Shipping

SHOES (2)
Newbold & Burton — Strong & Fisher

TEXTILES (2)
Hicking Pentecost — Richards — Lyles (S.)

TRUSTS (4)
Scot. Cities A — Hampton Trust — Scot. & Merc. A — Wemyss — [illegible]

OIL & GAS (3)
Berkeley Ex. — Double Eagle — British Car. Res.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	—	4
Corpns., Dom. and Foreign Bonds	28	[illegible]	49
Industrials	175	165	1,003
Financial & Props.	78	74	360
Oils	26	8	51
Plantations	2	2	19
Mines	48	11	56
Others	22	71	64
Totals	470	344	1,646

APPOINTMENTS

General manager for Jardine Matheson

Mr Michael Swain has been appointed a general manager of JARDINE MATHESON AND COMPANY from July 1. He joined the Jardine Matheson Group in May as director and general manager of the Jardine Engineering Corporation after 18 years in the building services industry in the UK. Previously he was managing director of the building services design and contracting firm Rosser and Russell (London) and a director of several other companies in the Rosser and Russell Group.

★

Mr David J. Westby has been appointed group treasurer of METAL BOX. He joins the company on July 5 from Fisons where he is currently treasurer.

★

Mr Donald Grant, at present director of information in the Home Office, is to succeed Mr John Groves, who has retired, as director general of the CENTRAL OFFICE OF INFORMATION and head of profession for the information officer group.

★

Sir Norman Lindop has been appointed principal of the BRITISH SCHOOL OF OSTEOPARTHY. Sir Norman, a serving lay member on the General Medical Council, was previously director of the Hatfield Polytechnic.

★

Mr Eric Geary has been appointed general manager UK of MINSTER INSURANCE COMPANY from July 1. Mr Geary is also director of the company's subsidiary, the National Motor and Accident Insurance Union.

★

Ms Shirley Harrington has joined the board of CHANDLER WOOD (INSURANCE BROKERS), insurance broking arm of the Emray Group.

★

Mr David J. Westby has been appointed group treasurer of METAL BOX. He joins the company on July 5 from Fisons, where he is currently treasurer.

★

Mr David Walder has been appointed managing director of TATE AND LYLE TRANSPORT.

★

Sir John Cuckney, a main board director since March 1981, has become deputy chairman of JOHN BROWN AND CO.

★

Mr Jeffrey Bonas, who has been made chief executive of LONDON AND LIVERPOOL TRUST, was previously joint managing director.

★

Mr Gilbert Hunt has been appointed to the board of the EMRAY GROUP. Mr Hunt, chairman of Thurgar Bardex, was latterly chairman of Chrysler UK and vice-president of Chrysler International.

★

Mr Hugh Sherborne, general manager of CONTROLLED PACKAGING SERVICES has joined the board following the company's recent merger with Macfarlane Group (Clansman).

★

Mr Gerry Davies has been appointed an executive director of OSCAR FRIEDHEIM (OFFSET).

★

Mr Maurice Vogel, a director of Air Products, has become a member of the Advisory Council on Energy Conservation. He has also been appointed deputy chairman of the CBI's energy policy committee.

★

The BANCO DE CREDITO NACIONAL, Brazil, has established a representative office in London. Until recently an executive director of Wintrust Securities, Mr R. Marsman, has been appointed representative.

★

ASHWELL SCOTT has appointed Mr Patrick Connolly to its board.

★

GKN CHEP has made the following changes: Mr G. W. Cheeseman, previously director and general manager pallet division, moves to another GKN Company — Lincoln Electric where he becomes managing director.

The management of the company is now under five general managers: Mr D. Steel, director and general manager container division, becomes director and general manager sales and marketing; Mr N. T. Butcher, regional manager south east, pallet division, becomes general manager operations south; Mr P. R. Callaway, commercial manager pallet division, becomes general manager operations north; Mr B. G. Dunthorn, general services manager pallet division, becomes general manager customer service, and Mr P. T. Jones, sales and marketing manager pallet division, becomes general manager development.

★

Mr J. P. Walkinshaw has retired from the board of LYLE SHIPPING.

★

The Treasury has reappointed The Duke of Grafton as a trustee of the NATIONAL PORTRAIT GALLERY on the expiry of his term of office.

★

AGB RESEARCH has made the following appointments within the group: Mrs Sue Ward, director, research surveys of Great Britain; Mr David Willan, director, Industrial Market Research; Mr Anthony J. Hart, associate director, Audits of Great Britain; Dr Alan Yates and Mr Roger Cressy, associate directors, Attwood Statistics; Mr Roger Wright, associate director, Research Surveys of Great Britain; Mr Alastair Whitmore, associate director, AGB Index; Mr Hamid Anvari, associate director, Industrial Market Research; Miss Ann Ziegler and Mr Fred Chaffe, associate directors, Magnum Distribution.

★

Mr J. J. Fenwick has been appointed from July 1 a regional

Mr J. J. Fenwick

director of the northern regional board of LLOYDS BANK which sits at Newcastle upon Tyne. He is chairman of Fenwick.

★

Dr John Wyn Burrow, Reader in History and Intellectual History at the UNIVERSITY OF SUSSEX, has been promoted to a Professorship with effect from October 1.

★

Mr Geoffrey Pratt, chairman of BRITISH GAS south eastern region, is to retire on August 19.

★

Mr Ian Low is to be general manager of the POTATO MARKETING BOARD from July 19. He succeeds Brigadier E. B. Forster, who is retiring. Brigadier Forster will continue as general manager and secretary until a mutually convenient date. Mr Low has held a number of senior management posts throughout the Dalgety Group.

★

Mr Nevil Johnson has been made a part-time Civil Service Commissioner for three years from June 23. Mr Johnson replaces Miss Patricia Downs, who was appointed in September 1978.

★

Mr Hiroshi Onodera is now general manager of NKK (Nippon Kokan) London office. He has taken over from Mr Hiroshi Otaka, who has returned to Tokyo as a director of NKK and general manager of the company's Shimizu Works. Mr Onodera was general manager of NKK's offshore and special ship sales department in Tokyo.

★

Mr John Heath has been appointed director general of CANNING HOUSE from July 19 in place of Mr Stevenson M. Mackenzie who is retiring. Mr Heath has been UK Ambassador to Chile.

★

Mr Colin S. Pearce has been appointed financial director of WALKER AND STAFF HOLDINGS. He was previously company secretary and financial controller.

★

Mr J. R. Holmes, Mr P. J. Revoir and Mr B. C. Stephenson have been appointed to the board of L. J. RICKARDS AND COMPANY, the UK subsidiary of the Swiss based Siber Hegner Group.

★

PRICE WATERHOUSE has admitted 18 news partners from July 1. They are Mr M. E. Austen, Mr M. J. Batty, Mr N. A. Cockburn, Mr A. M. Coleman, Mr C. I. Cowan, Mr W. L. Harrison-Cripps, Mr D P. Hollingsworth, Mr R. G. Hughes, Mr D. V. Keel, Mr B. K. Lynas, Mr R. S. Middleton, Mr K. C. Poynter, Mr N. Y. Souster, Mr R. E. Steele, Mr R. S. Swift, Mr S. C. B. Tinton, Mr R. C. M. Webb and Mr C. L. Whiteside. Mr Cowan will move to the Hong Kong office as part of the firm's international exchange programme, and Mr D. S. Crowther is transferring to the international firm. Mr Michael A. Coates, the senior partner, who has already been elected chairman of Price Waterhouse International, Mr D. G. Browning, Mr A. D. Copley, Mr P. Holdstock, Mr E. R. Jeynes and Mr T. R. Watts have retired.

★

ASTLEY AND PEARCE (LEASING) has engaged Mr John Brunyate to oversee the big ticket lease broking side of the company's business. He is director designate.

CURRENCIES and MONEY

Dollar retreats

The dollar fell in currency markets yesterday reflecting a fall in Euro-dollar rates. Leading U.S. economic indicators tended to underline weaknesses in the U.S. economy and this helped to push the dollar lower although the main influence remained the trend in U.S. interest rates. Trading yesterday was complicated by the monthly published figure day for U.S. banks which usually distorts the level of interest rates as banks strive to meet reserve requirements.

Sterling was firmer overall, showing a steady improvement against the dollar

The Dutch guilder fell to the bottom of the European Monetary System yesterday, replacing the D-mark, while the Belgian franc remained the third weakest. The Italian lira was again the strongest member followed by the French franc.

DOLLAR — Trade weighted index (Bank of England) 120.5 against 121.3 on Tuesday and 107.2 six months ago. Three-month Treasury bills 12.75 per cent (11.64 per cent six months ago). Annual inflation rate 6.7 per cent (6.6 per cent previous month) — The dollar closed at DM 2.4517½ compared with DM 2.4725 and SwFr 2.0915 from SwFr 2.1090. It was also lower against the yen at Y254.40 from Y255.50.

STERLING — Trade weighted index 91.3, unchanged from noon and the opening level but up from Tuesday's close of 91.1 (90.9 six months ago). Three-month interbank 13[illegible] per cent (15[illegible] per cent six months ago). Annual inflation 9.5 per cent (9.4 per cent previous month) — Sterling traded between $1.7350 and $1.7460 and closed at $1.7430-1.7440 — a rise of 1.35 cents Against the Deutsche Mark it closed at DM 4.2775 up from DM 4.2650 and SwFr 3.6475 from SfFr 3.6500. Against the French franc it finished at FFr 11.8350 from FFr 11.84.

D-MARK — EMS member (second weakest). Trade weighted index unchanged at 125.0 and 122.3 six months ago. Three-month interbank 9.45 per cent (11.075 per cent six months ago). Annual inflation 5.3 per cent (5 per cent previous month) — The D-mark was weaker overall at yesterday's fixing in Frankfurt. The dollar fell to DM 2.4598 from DM 2.4754 and sterling was lower at DM 4.2750 compared with DM 4.2780. Within the EMS however the French franc improved to DM 36.055 from DM 36.050 per FFr 100 and the Dutch guilder to DM 90.45 per Fl 100 from DM 90.44. Elsewhere the Swiss franc rose to DM 1.1692 from DM 1.1672.

BELGIAN FRANC—EMS member (third weakest). Trade weighted index 95.1 against 95.2 on Tuesday and 104.8 six months ago. Three-month Treasury bills 15¾ per cent (16 per cent six months ago). Annual inflation 9.8 per cent (9.5 per cent previous month) — The Belgian central bank did not intervene in the foreign exchange market for the second week running according to figures released yesterday. The absence of any support underlines the improved performance of the Belgian franc within the EMS and it is currently placed above the D-mark and Dutch guilder. At yesterday's fixing the dollar fell to BFr 46.8725 from BFr 47.0950 while sterling improved to BFr 81.4050 from BFr 81.36. Within the EMS the D-mark rose to BFr 19.0465 from BFr 19.0155 and the French franc was higher at BFr 6.87125 compared with BFr 6.8580.

THE POUND SPOT AND FORWARD

June 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7350-1.7460	1.7430-1.7440	0.37-0.42c dis	−2.72	1.27-1.32dis	−2.97
Canada	2.2420-2.2530	2.2430-2.2450	0.80-0.90c dis	−4.54	2.38-2.48dis	−4.33
Nethlnd.	4.71-4.74	4.72½-4.73½	2-1½c pm	4.44	5-4½ pm	4.02
Belgium	81.10-81.75	81.43-81.53	18-23c dis	−3.02	60-70 dis	−3.19
Denmark	14.73-14.84	14.81-14.82	½-1½ore dis	−0.51	6¾-8 dis	−1.94
Ireland	1.2390-1.2420	1.2395-1.2405	0.66-0.76p dis	−6.87	1.94-2.13dis	−6.56
W. Ger.	4.26-4.29	4.27¾-4.28¾	1½-1¼pf pm	3.86	4½-3¾ pm	3.62
Portugal	144.60-146.00	145.30-145.80	85-270c dis	−14.63	290-775dis	−13.96
Spain	192.60-195.00	192.86-192.96	155-178c dis	−10.36	440-485 dis	−9.59
Italy	2,398-2,405	2,400-2,402	15-18 lire dis	−8.25	52-56 dis	−8.99
Norway	10.80-10.92	10.88-10.90	3-4ore dis	−3.86	9¾-10¾ dis	−3.74
France	11.82-11.88	11.83-11.84	2½-4½c dis	−3.65	11¾-13¼dis	−4.14
Sweden	10.59-10.65	10.62-10.63	2-3½ore dis	−3.10	6¾-7¾ dis	−2.68
Japan	440-445	443½-444½	2.30-2.10y pm	5.96	6.40-6.20 pm	5.68
Austria	30.00-30.20	30.05-30.10	15¾-12¼gro pm	5.59	39½-33 pm	4.82
Switz.	3.63-3.67	3.64¾-3.65¾	2¼-2¼c pm	8.22	7½-7 pm	7.95

Belgian rate is for convertible francs. Financial franc 88.95-89.05. Six-month forward dollar 2.58-2.63c dis. 12-month 4.58-4.68c dis.

THE DOLLAR SPOT AND FORWARD

June 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7350-1.7460	1.7430-1.7440	0.37-0.42c dis	−2.72	1.27-1.32dis	−2.97
Ireland†	1.3985-1.4075	1.3985-1.4000	0.53-0.46c pm	4.24	1.30-1.15 pm	3.50
Canada	1.2900-1.2945	1.2920-1.2930	0.14-0.17c dis	−1.44	0.45-0.49dis	−1.45
Nethlnd.	2.7065-2.7200	2.7150-2.7180	1.60-1.50c pm	6.87	4.75-4.65 pm	6.94
Belgium	46.69-46.87	46.72-46.74	1-3c dis	−0.51	2-6 dis	−0.34
Denmark	8.4775-8.5100	8.4775-8.4825	1.80-1.55ore pm	2.37	3.00-2.50 pm	7.29
W. Ger.	2.4450-2.4650	2.4510-2.4525	1.36-1.31pf pm	6.53	4.05-4.00 pm	6.57
Portugal	83.30-84.00	83.45-83.70	30-130c dis	−11.49	70-370 dis	−10.53
Spain	110.65-111.05	111.00-111.05	70-85c dis	−8.38	185-215 dis	−7.21
Italy	1,378-1,384	1,380-1,381	7-7¾ lire dis	−6.41	20¾-22¼dis	−6.23
Norway	6.2140-6.2560	6.2425-6.2475	par-0.40ore dis	−0.38	par-0.40dis	−0.13
France	6.7875-6.8375	6.7875-6.7925	0.15-0.35c dis	−0.44	2-2½ dis	−1.32
Sweden	6.0880-6.1000	6.0940-6.0990	0.05-0.25ore dis	−0.29	0.60-0.40 pm	0.33
Japan	253.75-255.25	254.35-254.45	1.85-1.77y pm	8.54	5.55-5.45 pm	8.65
Austria	17.24-17.33	17.24½-17.25½	12-10¾gro pm	7.90	34½-31½ pm	7.64
Switz.	2.0840-2.1100	2.0900-2.0930	2.10-2.02c pm	11.82	5.78-5.70 pm	10.98

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.3	−32.3
U.S. dollar	120.5	+12.7
Canadian dollar	85.0	−21.8
Austrian schilling	117.6	+26.1
Belgian franc	95.1	−1.6
Danish kronar	82.4	−14.7
Deutsche mark	125.0	+50.0
Swiss franc	145.2	+95.2
Guilder	116.1	+23.3
French franc	74.3	−20.1
Lira	53.6	−58.4
Yen	152.6	+26.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

June 30	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628338	0.552098
U.S. $	12	1.09224	0.959823
Canadian $	16.58	*	1.24211
Austria Sch.	6¾	18.9132	16.6481
Belgian F.	14	51.1960	4.50061
Danish Kr.	11	9.28668	8.17529
D mark	7½	2.68669	2.36212
Guilder	8	2.97089	2.61168
French Fr.	9½	7.45891	6.55519
Lira	19	1510.84	1327.20
Yen	5½	277.429	246.139
Norwgn. Kr.	9	6.82541	6.01713
Spanish Pts.	8	121.239	106.588
Swedish Kr.	10	6.65393	5.85780
Swiss Fr.	5½	2.29753	2.02062
Greek Dr'ch.	20½	N/A	66.5276

*C$/SDR rate for June 29; 1.41409.

OTHER CURRENCIES

June 30	£	$		£ Note Rates
Argentine Peso	27,050-27,090	15,550-15,600	Austria	29.90-30.20
Australia Dollar	1.7005-1.7025	0.9775-0.9780	Belgium	88.10-89.10
Brazil Cruzeiro	300.0-301.0	172.33-173.19	Denmark	14.68-14.82
Finland Markka	8.184-8.187	4.7210-4.7230	France	11.78-11.88
Greek Drachma	120.758-121.558	68.70-69.20	Germany	4.25½-4.29½
Hong Kong Dollar	10.27¼-10.28¾	5.8950-5.9000	Italy	2360-2395
Iran Rial	145.50*	83.75*	Japan	444-449
Kuwait Dinar (KD)	0.50125-0.50225	0.2876-0.2878	Netherlands	4.70-4.74
Luxembourg Fr.	81.43-81.53	46.72-46.74	Norway	10.77-10.87
Malaysia Dollar	4.11-4.12	2.3600-2.3630	Portugal	142½-158
New Zealand Dlr.	2.3390-2.3430	1.3445-1.3460	Spain	185½-194½
Saudi Arab. Riyal	5.9950-6.0040	3.4395-3.4405	Sweden	10.57-10.67
Singapore Dollar	3.7450-3.7550	2.1500-2.1520	Switzerland	3.61½-3.65½
Sth. African Rand	1.9700-1.9715	1.1365-1.1375	United States	1.73-1.75
U.A.E. Dirham	6.3985-6.4095	3.6710-3.6730	Yugoslavia	85-103

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0061	+0.08	−0.17	±1.5501
Danish Krone	8.23400	8.17529	−0.71	−0.96	±1.6430
German D-Mark	2.33379	2.36212	+1.21	+0.96	±1.0898
French Franc	6.61387	6.55319	−0.92	−1.17	±1.3940
Dutch Guilder	2.57971	2.61168	+1.24	+0.99	±1.5004
Irish Punt	0.691011	0.685588	−0.78	−1.03	±1.6691
Italian Lira	1350.27	1327.20	−1.71	−1.71	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 30	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.744	4.278	443.8	11.835	3.648	4.730	2401.	2.244	81.46
U.S. Dollar	0.574	1.	2.453	254.5	6.788	2.092	2.713	1377.	1.287	46.73
Deutschemark	0.234	0.408	1.	103.7	2.767	0.853	1.106	561.3	0.525	19.05
Japanese Yen 1,000	2.254	3.929	9.639	1000.	26.67	8.220	10.66	5411.	5.057	183.6
French Franc 10	0.845	1.473	3.614	374.9	10.	3.082	3.997	2029.	1.896	68.85
Swiss Franc	0.274	0.478	1.173	121.7	3.245	1.	1.297	658.3	0.615	22.34
Dutch Guilder	0.211	0.369	0.904	93.82	2.502	0.771	1.	507.6	0.474	17.23
Italian Lira 1,000	0.416	0.726	1.782	184.8	4.929	1.519	1.970	1000.	0.935	33.94
Canadian Dollar	0.446	0.777	1.906	197.7	5.274	1.625	2.108	1070.	1.	36.31
Belgian Franc 100	1.227	2.140	5.250	544.6	14.53	4.477	5.805	2947.	2.754	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 30)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 7/8	offer 16	bid 16 1/16	offer 16 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rate for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

June 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅝-12¾	14⅝-14⅞	14½-15½	8⅝-8½	¼-¾	8 7/16-8 9/16	15-15½	30-50	14-15½	14¾-15¼	6⅞-7⅛	8-9½
7 day's notice	12¾-12⅞	14⅞-15⅛	14¾-15¾	8½-8⅝	1¾-2¼	8 7/16-8 9/16	15-15½	21⅜-23⅜	14½-16	15⅜-15⅝	7 1/16-7 3/16	9-10½
Month	12 [illegible]-13 [illegible]	15¼-15½	16⅜-16⅝	8 [illegible]-8 [illegible]	4-4⅛	8⅞-9	15¼-15¾	21½-22⅜	15¾-16¾	15 [illegible]-15 [illegible]	7¼-7⅜	13¾-15¼
Three months	13-13 [illegible]	15⅜-15⅞	17-17¼	9-9⅛	4 [illegible]-4 [illegible]	9 [illegible]-9 [illegible]	16⅝-17⅛	22-22⅝	16-17	15½-15¾	7 [illegible]-7 [illegible]	15⅛-16⅜
Six months	13-13 [illegible]	15¾-16	17⅜-17⅝	9 [illegible]-9 [illegible]	5⅝-5¾	9 [illegible]-9 [illegible]	17⅞-18⅜	22¼-22⅞	16-17	15½-15¾	7 [illegible]-7 [illegible]	16¼-17¾
One Year	13 [illegible]-13 [illegible]	15 [illegible]-15 [illegible]	17⅜-17⅝	9⅜-9½	6-6⅛	9¼-9⅜	18¼-18¾	22⅝-23¼	16¼-16¾	15¼-15½	7 [illegible]-7 [illegible]	17¼-18¾

SDR linked deposits: one month 12⅞-13¼ per cent; three months 13¼-13⅝ per cent; six months 13⅜-13⅞ per cent; one year 13⅜-13⅞ per cent.

ECU linked deposits: one month 12¼-12½ per cent; three months 12¾-13¼ per cent; six months 13 1/16-13 7/16 per cent; one year 13¼-13⅝ per cent.

Asian $ (closing rates in Singapore): one month 15 9/16-15 11/16 per cent; three months 15 15/16-16 1/16 per cent; six months 16⅛-16¼ per cent; one month 15 15/16-16 1/16 per cent. Long-term Eurodollar two years 16⅛-16¼ per cent; three years 16¼-16⅜ per cent; four years 16⅜-16⅝ per cent; five years 16⅜-16⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; other two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 15.10-15.20 per cent; three months 15.30-15.40 per cent; six months 15.50-15.60 per cent; one year 15.50-15.70 per cent.

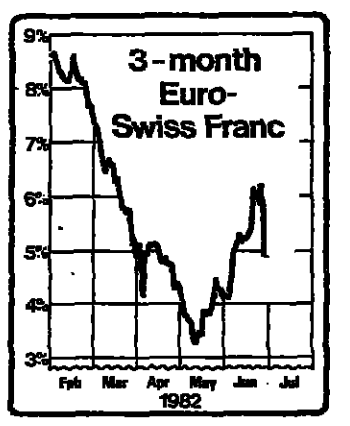
Further fall in London rates

UK clearing bank base lending rate 12½ per cent (since June 8)

Short term interest rates had a slightly softer tone in the London money market yesterday, with three-month interbank money falling to 13-13 1/16 per cent from 13 1/16-13⅛ per cent.

Day-to-day credit was in short supply, and the Bank of England gave assistance by buying £358m of bills from the market. In the morning the authorities forecast a shortage of £450m, but this was revised to £400m at noon, and back to £450m in the afternoon. The major factors were: bills maturing in official hands, and a net market take-up of Treasury bills —£400m, coupled with a rise in the note circulation —£70m, partly offset by Exchequer transactions +£30m.

The help provided in the morning was £300m, by way of £5m bank bills in band 1 (up to 14 days maturity) at 12⅝ per cent; £229m bank bills in band 2 (15-33 days) at 12½ per cent; £47m bank bills in band 3 (34-63 days) at 12⅜ per cent; and £19m bank bills in band 4 (64-84 days) at 12 5/16 per cent.



In the afternoon the Bank of England bought a further £58m of bank bills. These were made up of £1m in band 2 at 12½ per cent; £37m in band 3 at 12⅜ per cent; and £20m in band 4 at 12 5/16 per cent.

In Paris call money fell to 15⅜ per cent from 15½ per cent as the Bank of France maintained its recent effort to reduce domestic interest rates. The stability of the French franc in the European Monetary System has helped to reduce rates. This is the sixth fall in the call rate since the devaluation of the franc on June 12. At that time the call rate stood at 16¾ per cent, while in recent days the central bank has also cut its seven-day Treasury bill discount rate to 16½ per cent from 17 per cent, and reduced its money market intervention rate to 15¼ per cent from 15½ per cent.

In Amsterdam overnight money rose to 8-8½ per cent from as low as 5 per cent as liquidity tightened. Demand for funds to meet tax payments and settlement of Government bond and Treasury note issues tended to push up the level of interest rates, but term deposits were generally steady. The Dutch Finance Ministry said it will accept tenders today for an issue of five-year Treasury bills. Payment will be made on Friday, and the size of the issue will be announced after subscriptions close.

MONEY RATES

NEW YORK

Prime rate	16½
Fed funds (lunch-time)	14-14½
Treasury bills (13-week)	12.76
Treasury bills (26-week)	12.96

GERMANY

Lombard	9.00
Overnight rate	9.025
One month	9.225
Three months	9.40
Six months	9.50

FRANCE

Intervention rate	15.25
Overnight rate	15.375
One month	15.125
Three months	15.0625
Six months	14.8125

JAPAN

Discount rate	5.5
Call (unconditional)	7.15625
Bill discount (three-month)	7.28125

COUNTRY GENTLEMEN'S

The directors of the Country Gentlemen's Association recommend that each of the existing ordinary shares of £1 be sub-divided into four ordinary of 25p each, and that reserves of £86,259 be capitalised and used in paying up in full 345,036 ordinary to be allotted and distributed, credited as fully paid, to existing shareholders in the proportion of one new ordinary for every existing ordinary.

EUROCURRENCIES

Dollar rates fall

Eurocurrency interest rates declined yesterday as Eurodollar rates fell following the lower than expected level of Federal funds with most end of half-year positions already squared. The rise of only 0.3 per cent in U.S. leading economic indicators in May, compared with expectations of an increase between 0.5 per cent and 1 per cent, and a rise of 1.3 per cent in April, contributed to the softer tone, and this was followed by an easing of Eurosterling and Swiss franc interest rates. The strengthening of the pound in the spot market, and the easier trend in sterling interest rates, reduced sterling's forward premium against the dollar, while the Swiss franc gained ground against the dollar in forward trading as the differential between Swiss and U.S. interest rates increased following the sharp fall in Euro Swiss franc interest rates.

LONDON MONEY RATES

June 30 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10-16	12⅝-12¾	—	—	12¾-13	12¼-12¾	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-13	12⅞	—	—	13⅛	12½-12⅝	—	—	—
One month	13-12⅞	12 [illegible]-13⅛	12 [illegible]	13½-13¼	13	13⅜	12½	12 [illegible]-12 [illegible]	12 [illegible]	13 [illegible]
Two months	13-12⅞	13-13⅛	—	13½-13¼	13 [illegible]	13⅜	12⅜	12 [illegible]	12 [illegible]	13 [illegible]
Three months	13-12⅞	13-13 [illegible]	13	13½-13¼	13⅛	13⅜	12¼	12 [illegible]-12⅜	12 [illegible]	13⅛
Six months	13-12⅞	13-13 [illegible]	13	12¾-12½	13⅛	—	—	—	12 [illegible]	12 [illegible]
Nine months	13-12 [illegible]	13-13 [illegible]	—	13⅜-13	13 [illegible]	—	—	—	—	—
One year	13-12⅞	13-13 [illegible]	13 [illegible]	13¼-13	13 [illegible]	—	—	—	—	—
Two years	—	—	13½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13¾ per cent; four years 13⅞ per cent; five years 13⅞ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜ per cent; four month trade bills 13 1/16 per cent.

Approximate selling rate for one month Treasury bills 12 7/16 per cent; two months 12 5/16 per cent; three months 12¼ per cent. Approximate selling rate for one month bank bills 12 15/32 per cent; two months 12⅜ per cent and three months 12 9/32 per cent; one month trade bills 13 3/16 per cent; two months 12 15/16 per cent; three months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9¼ per cent. Treasury Bills: Average tender rates of discount 12.2896 per cent. Certificates of Tax Deposit (Series 5) 13¾ per cent from June 30. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

NOTES

[illegible]

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent. Medway 812348

LACOP Units	11.95	12.59	....	—

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-920 0202

Multi Gwth. June 6		£2.06384	....	—
Op. 8 Prop. A June 24	224.6	236.3	....	—
Op. 8 Equity June 24	216.8	228.3	....	—
Op. 8 Hy. June 24	194.9	205.2	....	—
Op. 8 Man. June 24	231.6	243.8	....	—
Op. 8 Dep. June 24	169.2	178.2	....	—
Op. In. B June 10	115.2	121.3	....	—
Op. 8 Inc. D June 24	104.6	110.2	....	—
Op. In. M. June 24	117.1	123.3	....	—
U.S. $ F.I. June 24	107.4	113.1	....	—
O & G Pp. Fd. June 24	97.6	102.8	....	—
Pens. Pr. June 25	237.2	249.7	....	—
Pens. Pr. Cp. June 30	179.4	188.9	−0.6	—
Pens. Eq. Op. June 30	550.6	579.6	−12.4	—
Pens. Eq. Op. June 30	416.8	438.8	−10.5	—
Pens. Fxd. Ac. June 30	268.9	283.1	−3.4	—
Pens. Fxd. Op. June 30	203.5	214.3	3.1	—
Pens. Mng. June 30	370.5	390.1	−5.9	—
Pens. Mng. Op. June 30	280.5	295.3	−5.3	—
Pens. Dp. Ac. June 30	244.9	256.9	+1.5	—
Pens. Dp. Cp. June 30	184.7	194.5	+0.6	—

Britannia Funds—Series A

Am. Smlr. Co's June 30	86.9	91.5	+2.4	—
Am. Spec. Sits. June 30	103.1	108.6	+4.6	—
Commodity June 30	57.4	60.5	+0.4	—
Extra Inc. June 30	87.6	92.3	+0.2	—
Far East June 30	84.6	89.1	+0.3	—
Fin. Secs. June 30	102.9	108.4	−1.0	—
Gold & Gen. June 30	47.1	49.6	+3.4	—
Growth June 30	79.0	83.2	+0.6	—
Inc. & Growth June 30	100.7	106.0	−0.2	—
Int. Growth June 30	85.0	89.5	+1.0	—
Japan Prf. June 30	74.6	78.6	−0.2	—
Minerals June 30	53.0	55.8	+2.6	—
Nat. High Inc. June 30	95.6	100.7	−0.2	—
Prop. Shr. June 30	83.0	87.4	−0.8	—
Sp. Mkt. June 30	82.3	86.7	+0.2	—
Recovery June 30	79.8	84.0	−0.7	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUI (Managed Funds) Ltd.

Managed Fund	321.7	338.6	+1.5	—
Equity Fund	532.8	560.8	+1.3	—
Property Fund	215.5	226.8	+0.5	—
Fixed Int. Fund	202.3	212.9	+1.8	—
Deposit Fund	149.5	157.3	+0.1	—

Norwich Union Life Insurance Society Pensionmaster

Fixed Interest*	119.9	126.2	....	—
Ordinary Share*	120.8	127.1	....	—
Property*	107.8	113.4	....	—
Deposit*	103.8	109.2	....	—
Index Linked Secs.*	103.6	109.0	....	—
Mixed*	116.6	122.7	....	—

Prices at June 22.

Nor. Units June 15		314.9	....	—

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441.

Inv. Prop. Dist.	132.9	139.9	....	—
Inv. Prop. Acc.	176.4	185.7	....	—
Inv. Equity	173.2	182.4	....	—
Inv. Managed	159.7	168.2	....	—

Pearl Assurance (Unit Linked Pensions) Ltd.

Ret. Managed	131.6	138.6	....	—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	175.4	184.8	+0.9	—
Eb'r. Ph. Eq. E.	112.2	119.4	....	—

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd., N. Waterloo, L'pool 051-928 6655

Pens. Pr. June 30	237.0	249.5	−0.2	—

Planned Savings Group
68, East Street, Horsham 0403 50255

1st Managed	75.6	80.4	....	—
1st Fixed Interest	81.2	86.4	....	—
4th Managed	58.1	61.9	....	—
5th Managed	66.0	70.3	....	—

For Solar Life Assurance Ltd. see Sun Life Unit Assurance Ltd.

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 7971.

Managed	142.0	149.5	+1.4	—
Property	136.8	144.0	−0.4	—
Equity	161.6	170.2	+3.6	—
International	137.4	144.7	−0.3	—
Fixed Interest	124.8	131.4	+0.7	—
Index Linked	91.8	96.7	....	—
Cash	120.7	127.1	....	—
Pension Managed	154.0	162.2	+0.5	—
Pension Property	134.8	141.9	−0.4	—
Pension Equity	178.3	187.7	+0.8	—
Pension Intl.	141.0	148.5	−0.7	—
Pension Fxd. Int.	128.1	134.9	+1.0	—
Pension Index Linked	91.8	96.7	....	—
Pension Cash	130.1	137.0	....	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

Equity Fund	215.5	226.8	+0.3	—
Fixed Interest Fund	149.7	157.6	+1.3	—
Property Fund	215.7	226.5	....	—
International Fd.	120.2	126.6	−0.7	—
Deposit Fund	132.8	140.9	....	—
Managed Fund	175.6	182.8	....	—
Intl. Bond June 29	£13.51		—	—

Individual Pension Funds

Index Linked	106.6	112.3	+0.1	—
Equity	101.8	107.2	+0.4	—
Fixed Int.	110.8	116.7	+1.1	—
Property	98.5	103.7	....	—
International	96.9	102.0	−0.7	—
Deposit	99.3	104.6	....	—
Managed	102.5	107.9	+0.2	—

Group Pension Funds

SAFM Fd Int. June 9	£205.30	220.80	....	—
Property June 9	£114.10	118.80	....	—

Sun Life of Canada (UK) Ltd.
2, 3, 4, Cockspur St., SW1Y 5BH 01-930 5400

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC* June 7	$51.47	54.73	....	—
COUNT** June 7	£3.108	3.298	....	1.59
CANRHO ** June 7	£1.398	1.480	....	—
MAPSA * April 5	$9.60	10.21	....	—

Original issue $10 and **£1. Next val. July 5.

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bashi June 30		Y26,240	+27	—
Nippon Fd. June 30	$19.17	20.03	+0.20	1.35

Britannia Intl. Investment Mngmt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey C.I. (0534-73114)

U.S. Dollar Denominated Funds

Am. Smaller Cos. Fd.	$1.326	1.426	....	—
Gold Fund*	$0.575	0.618	+0.030	8.58
Universal Grwth Fund	$0.769	0.827	....	—
Dollar Income Fd.	$0.757	0.810	....	13.78

Sterling Denominated Funds

American Investments	47.3	50.9	....	4.00
Australian Perf. Fd.	63.8	68.6	....	—
Far East Fund	85.9	92.4	....	1.00
Jersey Energy Tst.	15.3	16.5	....	1.50
Jersey Gilt*	19.8	21.0	+0.2	13.10
U.K. Growth Fund	38.7	41.6	....	4.33
USM Fund*	102.5	110.2	−0.3	—

Sterling Deposit Funds

Managed Currcy. Fd.	£12.14	12.75	−0.01	9.56
Capital Dep. Trust**	£14.19	14.20	....	0.25

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. 0534 73741
Valley Hse., St. Peter Port, Gnsy. 0481 24706
1, Thomas Street, Douglas, I.o.M. 0624 4856

Gilt Fund (Jersey)	7.58	7.58	....	13.25
Gilt Trust (I.O.M.)	85.9	88.1	....	13.22
Gilt Fund Guernsey	7.71	7.75	+0.11	13.25

OFFSHORE AND OVERSEAS

NOTES

FT SHARE INFORMATION SERVICE

Dollar ret

The dollar fell in curre markets yesterday reflectir fall in Euro-dollar rates. Le U.S. economic indicators to underline weaknesse U.S. economy and this push the dollar lowe the main influence r trend in U.S. ir Trading yesterd plicated by published figur banks which level of inte strive to m ments.

Sterlin showing agains Th bot tar t'

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Exch. 9¼pc 1982	99	......	9.34	12.87
		Exch. 8¼pc 1983	98½xd	+¼	8.88	11.78
		Exch. 3pc 1983	94¾	+¼	3.17	11.65
	95¼	Treasury 12pc 1983‡‡	99⅞	+¼	12.08	12.80
	92⅞	Treasury 9½pc '83	97⅞xd	+⅛	9.50	12.10
	96⅞	Exch. 13½pc '83	101	+⅛	13.37	12.60
	91⅞	Exch. 10pc 1983	97⅜	+⅛	10.27	11.99
94¾	87⅞	Funding 5½pc '82-84‡‡	94¾xd	+¼	5.80	9.22
98⅞	91⅞	Exch. 11¼pc 1984	97¾	+½	11.51	12.76
102⅞	96¼	Exchequer 14pc 1984	101⅜	+⅜	13.81	13.11
89½	81¼	Exch. 3pc 1984	89⅛	+⅜	3.37	9.16
98½	91½	Treasury 12pc 1984	97⅝	+⅜	12.29	13.18

LOANS—Continued

Financial

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	95½	FFI 14pc '83	99¾	......	14.03	14.17
99	94	FFI(UK Fin)5¾pcDb. '80-2	99	......	5.56	13.80
86½	80	Do. 6¼pcDb. '81-84	86	......	7.34	13.70
94½	82½	Do. 10½pc Uns.Ln. '86	90xd	......	11.67	14.15
92	78	Do. 11pc Uns.Ln. '88	87xd	......	12.64	13.88
93	78	Do. 11¾pc Uns.Ln. '90	87xd	......	13.51	14.65
94	82	Do. 12¾pc Un. Ln.1992	93	......	13.91	14.50
65	54	Do. 7¼pcADeb. '89-92	62xd	......	11.74	14.43
62	53	Do. 7¼pcADeb. '91-94	61½	......	11.79	14.20
72	62	Do. 9pc 'A' '91-94	72	......	12.96	14.36
69½	57½	Do. 8¾pcLn. '92-97	69½	......	13.40	14.47

Building Societies

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100½	98⅛	Nat'wide 14¾pc 11.8.82	100	......	14.75	14.43
100½	98¼	Do. 14¾pc 25.8.82	100	......	14.75	14.37
101	99	Do. 15¾pc 29.9.82	100¼	......	15.34	13.74
101⅞	99¼	Do. 16¼pc 27.10.82	100⅝xd	......	16.15	13.71
101	99½	Do. 15⅜pc 24.11.82	100½xd	......	15.30	13.63
101⅛	99¼	Do. 15¼pc 13.12.82	100⅝xd	......	15.14	13.31
102	99¼	Do. 16¼pc 17.1.83	101½xd	......	16.01	13.22
101½	100	Do. 15⅝pc 7.2.83	100½	......	15.55	14.79
100⅝	99⅝	Do. 14¼pc 14.3.83	100	......	14.25	14.25
100½	99⅝	Do. 14¼pc 4.4.83	100	......	14.25	14.25

FOREIGN BONDS & RAILS

BANKS & H.P.—Cont.

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
85	71	Charterhouse Gp.	71	−1	4.93	1.5	9.9	(8.3)
31	14	Clive Dis'nt 20p	24	......	1.6	—	9.5	—
730	590	Com'zbk DM 10	635	......	—	—	—	—
*969	770	C'hgn.Hdk.Kr100	900	......	Q15%	—	11.4	—
12	4	Dawes (G. R.)	4½	......	—	—	—	—
£68½	£61	Deutsche Bank DM50	£61¼	......	Q11¼%	—	6.1	—
640	505	Dunbar Grp. £1	590	......	d7.5	5.1	1.8	15.4
42	30½	First Nat. 10p	32	......	—	—	—	2.4
4	2	Do. Wrts. 75-83	2	......	—	—	—	—
293	238	Gerrard Natnl.	260	−3	15.75	—	8.7	—
220	125	Gillett Bros. £1	140	......	8.75	—	8.9	—
41	30	Goode D't Mry.5p	36	+1	0.88	—	3.5	—
235	158	Grindlays	178	......	4.13	2.9	3.3	12.8
95	58	Guinness Peat	60	−2	‡4.0	—	‡	—
163	113	Hambros 5p	120	......	5.28	—	6.5	—
167	145	Hill Samuel	145xd	......	8.0	—	7.9	—
117	96	Hong Shng.$2.50	109	−1	1048c	—	4.2	—
64	52	Jessel Toynbee	52	......	5.0	—	13.7	—
240	220	Joseph (Leo) £1	220	......	10.45	—	7.1	—
98	78	King & Shax 20p	88	......	6.5	—	10.6	—
246	208	Kleinwort B.L.	209	+1	10.0	—	6.8	—
500	372	Lloyds £1	382	+2	21.38	5.4	8.0	2.7
78	43	Manson Fin. 20p	43	......	2.57	1.8	8.5	9.6
228	200	Mercury Secs	205	+3	7.7	—	5.6	—
360	304	Midland £1	328	......	24.0	3.5	10.7	2.9
£73	£64	Do. 7½% 83-93	£67	......	Q7½%	25.5	11.3	—
£81¼	£69	Do.10¼% 93-98	£76½	......	Q10¼%	25.5	14.6	—
83	67	Minster Assets	71	−½	4.5	2.4	9.2	6.4
170	140	Nat.Bk.Aust.$A1	142	......	Q22c	3.1	9.3	3.5
480	388	Nat. West. £1	422	+2	25.2	5.3	8.5	2.4
£56½	£44	Ottoman Bank £20	£50	......	Q40%	—	8.0	—
197	92	Royal Bk. of Scot.	96	......	5.4	5.5	8.0	2.7
450	410	Schroders £1	415	......	13.5	—	4.6	—
235	205	Seccombe MC £1	210	−5	18.0	—	12.2	—
£21⅞	£18¼	Sec. Pacific Corp.	£19	......	Q$2.40	—	7.0	—
*135	27	Smith St. Aub.	29	+1	4.5	—	—	—
472	390	Stand'd Chart £1	402	+2	h24.67	3.2	8.8	3.9
534	521	Trade Dev. $1.50	527	......	Q$1.40	—	5.2	—
465	400	Union Disc £1	430	−5	26.0	—	8.6	—
£14	£11½	Wells Fargo $5	£11¼xd	+¼	Q$1.92	—	8.6	—
£18	£13¼	Westland Ut. Fl.50	£16	......	—	—	—	—
185	122	Wintrust 20p	168	−2	3.55	—	3.1	—

Hire Purchase, etc.

CANADIANS

1982 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Gr's
762p	483p	Inco	483p	−7	$US20c	—	2.2
906p	625p	Int. Nat. Gas $1	675p	......	$1.10	—	7.5
151p	88p	Massey Ferg.	103p	−2	$—	—	—
18	12⅛	Rio Algom	12¼	−¼	$1.50	—	5.6
11⅞	840p	Royal Bk. Can. $1	840p	−40	$2.00	—	11.0
30½	25½	Seagram Co. C$1	26⅝	−¼	US$1.80	—	3.5
14⅛	10⅛	Tor. Dom. Bk. $1	10⅛	−½	$2.00	—	9.1
11½	755p	Trans Can. Pipe	755p	−13	$1.16	—	7.1

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
92	85¼	Aust. 6pc 1981-83	92	......	6.55	12.66
67	57	N.Z. 7½pc 1988-92	64¼xd	+¼	11.28	13.98
86	74⅝	Do. 7½pc '83-86	84½xd	+¼	8.91	12.67
161	136	S. Rhod. 2½pc Non-Ass.	157	......	—	—
66	58	Do. 3½pc 80-85 Asstd.	65	......	5.38	18.01
41	32	Do. 4½pc 87-92 Asstd	39xd	......	11.54	18.00
372	318	Zimbabwe Ann (£100pa)	356	......	20.86	21.20

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
66	57¾	Agric. Mt. 5pc '59-89	63¼	......	7.90	13.18
30¼	24¼	Met. Wtr. 3pc 'B'	30¼	+¼	10.25	12.79
114	103	U.S.M.C. 9pc 1982	110xd	......	8.18	—
101½	94	Do. without Warnts.	100xd	+½	9.00	—

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	210	ANZ $A1	218	......	Q28c	3.3	7.9	3.8
253	205	Alexanders D. £1	220	......	18.5	—	12.0	—
£63½	£56½	Algemene Fl.100	£59½	......	Q26%	1.8	9.0	6.1
100	75	Allied Irish	82	+2	Q6.3%	ϕ	11.3	ϕ
*16⅛	10¼	Ansbacher (H.) 5p	10½	......	0.35	—	5.0	—
260	200	Bk. Ireland £1	225	......	Q29.4%	—	10.7	—
3½	2	Bk. Leumi $0.1	3	......	Q8%	—	0.7	—
*227	190	Bk.Leumi (UK)£1	190	......	10.15	—	7.6	—
180	150	Bk. N.S.W. $A1	150xd	......	Q24c	2.9	9.6	3.6
518	350	Bank Scotland £1	350	−5	21.0	4.5	8.6	2.8
425	360	Barclays £1	378xc	......	t22.0	5.1	8.3	3.1
240	220	Brown Shipley £1	225xd	......	7.0	—	4.4	—
343	275	Cater Allen £1	290	......	23.8	—	11.7	—

CHEMICALS, PLASTICS—Cont.

ENGINEERING—Continued

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

AMERICANS

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

DRAPERY AND STORES

ELECTRICALS

CHEMICALS, PLASTICS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	80	......	Q25c	10.3	25.3
33	20	Wankie Col. 25Z	20	......	Q3c	1.2	12.1
21	12	Zam.Cpr.SBD0.24	13	+1	—	—	—

Australian

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	13½	+½	—	—	—
7	1½	Argosy Gold NL 25c	2½	+1	—	—	—
151	62	Bond Corp.	66	......	g010c	2.3	9.7
82	58	Bougainville I Kina	67	+1	Q6½c	1.2	5.9
192	147	CRA 50c	172	+8	Q5c	—	1.7
16	10	Carr Boyd 20c	15	-1	—	—	—
56	22	Central Pacific	31	......	—	—	—
380	152	Crusader Oil	245	-10	—	—	—
26	10	Cultus Pacific N.L.	12½	-1	—	—	—
27	14	Eagle Corp. 10c	17	......	—	—	—
23	9	Endeavour 20c	9½	......	—	—	—
368	155	G. M. Kalgoorlie 25c	165	-15	Q32½c	0.9	12.0
10	2½	Great Eastern	3	......	—	—	—
63	30	Greenbushes Tin 50c	32	......	Q6c	1.9	11.2
170	134	Hampton Areas 10p	160	-2	2.5	3.1	2.2
32	12	Haoma N.W.	12½	......	—	—	—
22	9	Intl. Mining	12	......	—	—	—
30	10	Jimberlana (50cFP)	12	......	—	—	—
9½	2½	Kalbara Min. 20c	3	......	—	—	—
100	38	Kitchener NL 25c	38	......	—	—	—
14	9	Leichardt Expln.	10	......	—	—	—
190	92	Meekatharra 25c	113	-2	—	—	—
44	16	Metals Ex. 50c	17	-2	Q3c	1.7	10.6
28	10	Metramar Mns. 20cs.	12	......	—	—	—
10	3	Mid East Mins. NL	3½	+½	—	—	—
202	145	M.I.M. Hldgs. 50c	166	+1	t05c	♦	1.8
57	5	Mincorp 20c	6½	+1½	—	—	—
8	3	Minefields Expl. 25c	3	......	—	—	—
19	14	Newmetal 20c	19	+1	—	—	—
30	8½	Nickelore N.L.	10	......	—	—	—
160	99	North B. Hill 50c	107	......	‡Q7.8c	2.0	‡
*84	10	Nth. Kalgurli	12½	......	—	—	—
123	67	Oakbridge 50c	82	......	†Q6½c	1.9	4.7
90	33	Oilmin N. L.	36	......	—	—	—
98	34	Pacific Copper	63	......	—	—	—
150	74	Pancont'l 25c	81	......	—	—	—
62	32	Paringa M&Ex.5p	32	......	♦—	—	—
352	220	Peko-Wallsend 50c	226	-4	‡Q15c	—	‡
31½	15	Pelsart Res NL	15	......	—	—	—
273	125	Renison 50c	135	......	Z05c	—	2.2
205	105	Do. Dfd.	120	......	—	—	—
56	30	Seltrust A	33	......	♦—	—	—
27	9	Southern Pacific	11	-1	—	—	—
46	24	Swan Resources 20c	30	......	—	—	—
65	23	Vulcan Mins 20c	24	+1	—	—	—
11	2½	West Coast 25c	5	+2½	—	—	—
50	6	Westn. Cont 50c	8	......	—	—	—
247	169	Westn. Mining 50c	187	+3	‡Q14c	1.6	‡
34	14	Whim Creek 20c	14	......	—	—	—
30	12	York Resources	15	......	—	—	—

Tins

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
11½	7	Amal Nigeria 1p	7½	......	—	—	—
255	165	Ayer Hitam SM1	170	......	‡Q135c	0.7	‡
140	75	Geevor	75	......	—	—	—
12	10	Gold & Base 12½p	10	......	—	—	—
630	370	Gopeng Cons.	370	......	17.0	1.2	6.6
525	390	Hongkong	440	......	21.0	♦	6.8
330	155	Idris 10p	325	......	♦—	—	—
24	13	Jantar 12½p	15	......	1.5	2.8	14.3
130	80	Kamunting SM0.50	80	......	†027½c	0.8	8.2
426	366	Killinghall SM1	398	......	hQ60c	♦	3.7
98	60	Malaysia Mng. 10c	67	......	Q17.1c	♦	6.2
42	28	Pahang	28	......	‡0.63	0.8	‡
450	280	Pengkalen 10p	340	......	♦1.0	—	0.4
330	220	Petaling SM1	230	......	‡Q60c	♦	‡
200	155	Sungei Besi SM1	180	......	‡Q310c	1.1	‡
110	75	Supreme Corp. SM1	75	......	gQ15½c	♦	5.0
110	100	Tanjong 15p	102	......	3.5	3.7	4.9
85	70	Tongkah H. Tin I$m	70	......	‡Q29%	1.3	‡
255	175	Tronoh SM1	180	......	Q50c	2.3	6.6

Copper

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
325	170	Messina R0.50	210	+10	Q60c	5.2	15.9

Miscellaneous

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	22	......	—	—	—
16½	12	Burma Mines 10p	12½	......	0.55	1.8	6.3
130	27	Colby Res. Corp.	40	......	—	—	—
292	170	Cons. Murch. 10c	180	......	‡Q60c	1.9	‡
8	4	‡‡Exolaura Gold	4	......	—	—	—
105	55	Highwood Res.	65	......	—	—	—
255	165	Northgate C$1	170	......	—	—	—
468	344	R.T.Z.	368	......	16.0	2.1	6.2
£108½	£84	Do.9½%Cn.Ln.'95-2000	£88½	+2½	Q9½%	30.0	Q11.3
20	12	Sabina Inds. C$1	32	......	—	—	—
44	27	‡Southwest. C. 10p	31	......	—	—	—
500	270	Tara Expln. $1	310	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	40	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	400	......
Craig & Rose £1	£12½	......
Finlay Pkg. 5p	26	......
Graig Ship. £1	£24	......
Higsons Brew.	85	-2
Holt (Jos) 25p	870	......
I.O.M. Stm. £1	187	-3
Pearce (C. H.)	250	......
Peel Hldgs.	147	......
Sheff. Refrshmt.	79	......
Sindall (Wm.)	218	+3

IRISH		
Conv. 9% '80/82	£97¾	......
Nat. 9¾% 84/89	£66⅝xd	......
Fin. 13% 97/02	£74¼	......
Alliance Gas	80	......
Arnott	195	......
Carroll (P.J.)	73	......
Concrete Prods.	58	-17
Helton (Hldgs.)	18½	......
Irish Rope	34½	......
Jacob	63	......
T.M.G.	7	......
Unidare	44	......

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl.	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	8	Woolworths	5
Babcock	10	I.C.L.	5½	**Property**	
Barclays Bank	42	Ladbroke	15	Brit. Land	7½
Beecham	21	Legal & Gen.	19	Cap. Counties	10
Blue Circle	48	Lex Service	10	Land Secs.	28
Boots	19	Lloyds Bank	42	MEPC	20
Bowaters	24	"Lots"	6½	Peachey	14
Brit. Aerospace	17	London Brick	7	Samuel Props.	11
B.A.T.	38	Lucas Inds.	20	Town & City	3½
Brown (J.)	7	"Mams"	12	**Oils**	
Burton Ord.	15	Mrks. & Spncr	12	Brit. Petroleum	26
Cadburys	9	Midland Bank	30	Burmah Oil	10
Courtaulds	8	N.E.I.	9	Charterhall	6
Debenhams	7	Nat. West. Bank	38	KCA	14
Distillers	15	P & O Dfd.	14	Premier	6
Dunlop	6½	Plessey	32	Shell	30
Eagle Star	31	Racal Elect.	35	Tricentrol	22
F.N.F.C.	4	R.H.M.	6½	Ultramar	38
Gen. Accident	28	Rank Org. Ord.	20	**Mines**	
Gen. Electric	65	Reed Intnl.	26	Charter Cons.	25
Glaxo	42	Sears	6	Cons. Gold	45
Grand Met.	17	T.I.	13	Lonrho	7
G.U.S. 'A'	48	Tesco	5½	Rio T. Zinc	42
Guardian	25	Thorn EMI	42		
G.K.N.	15	Trust Houses	11		
Hawker Sidd	30	Turner & Newall	11		
		Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Thursday July 1 1982

UK bans arms exports to Israel

BY DAVID TONGE IN LONDON AND JAMES BUCHAN IN BEIRUT

BRITAIN yesterday announced it was introducing an arms embargo on Israel and that other EEC countries were expected to follow its lead.

The British decision was announced by Lord Belstead, Minister of State at the Foreign Office. It comes after EEC heads of government meeting in Brussels earlier this week condemned Israeli policies in the Lebanon. This meeting failed to agree on EEC economic sanctions, but last night Mr Francis Pym, British Foreign Secretary, said in a television interview: "No member country is selling arms to Israel, not that any country did sell any very much anyway. But, insofar as they were, they are not doing so now."

Britain last week barred Israel from attending the British arms equipment exhibition at Aldershot. In part this reflected British anger at apparent Israeli arms shipments to the Argentine junta during the Falklands crisis, but the ban wa salso intended to underline British anger at Israel's invasion of the Lebanon.

Even before the embargo Britain had been casting what .. Officials describe as a "beady eye" on Israeli arms requests, in particular for weapons which might be used outside the country's borders. Existing contracts, apparently insignificant, will not be affected by yesterday's decision.

British arms sales to Israel haev only been running at an average of £1.5m per year in the past five year .in part made up of parts for the 1,100 Centurion tanks supplied by Britain. However, the ban is intended as a political gesutre, designed to bring diplomatic pressure on Tel Aviv.

Meanwhile, the Israeli cabinet decided yesterday to meet daily to underline its growing impatience over the failure of diplomatic efforts to persuade the Palestinian guerillas to accept its offer of safe conduct out of Beirut. But Lebanese officials last night were expressing hope that the Western sector of Beirut would be spared attack by the Israeli forces besieging it.

"The Israelis have given us some more time," one senior Lebanese official said in Beirut. "They would not have done that if there had been no movement." The officials believe that now the talks have moved into details of the Palestine Liberation Organisations evacuation from Beirut, the Israelis are more tempted to be patient. They also think that the PLO's demands to preserve some element of honour from the deal is proving susceptible to negotiation.

There is progress on all front," the Lebanese official said. In particular, the officials believe that the PLO request that they take their heavy weaponry with them, which the Lebanese have accepted, will not be impossible for Israel to swallow—whatever the attitude of the country of eventual asylum.

The new elements will be passed on to the Israeli Government by Mr Philip Habib, the Special U.S. envoy, who said yesterday: "We are working to finish off our task."

Israel is keen to see the PLO agreeing to leave Beirut without a fight, and this lies behind the announcement yesterday by Mr Mernchem Begin, the Prime Minister, that the guerrillas would be permitted to leave the Lebanese capital carrying their personal arms.

Arms sales embargo, Page 9
Palestinian private armies, Page 4

China counts its billion blessings

By Tony Walker in Peking

THE COMPUTER takes over from the abacus in China's great head count, which begins today. More than 5m census-takers — a small nation in themselves — will launch the biggest census in history by knocking on doors around the country to collect information.

Newly-installed IBM computers will be used to process the information — of vital importance to the economic planners. It will take the 29 specially-imported computers up to four years to produce the full set of results. Preliminary figures, including the population total, may be ready by October.

The census, the most ambitious since 1949, should reveal how China's efforts at population control have fared. According to the State Statistical Bureau, the total population was 996.22m at the end of last year. Western demographers are sceptical about the figure.

In an effort to make the census a success, China has launched a vigorous propaganda drive. Bills have been posted in cities and towns to urge co-operation. match boxes with slogans and pictures emphasise the need for the census. Colourful posters have been supplied to street committees, communes and production brigades across the country.

The People's Daily, the party newspaper, has weighed in with a stern editorial: "One is one, two is two. Conditions must be reported exactly as they are at the time. No hiding the truth or false reporting is allowed."

One of the difficulties for the enumerators, even in a society as ordered as that of China, is the reluctance of many people to reveal personal details. Some may fear reprisals if found to have exceeded their quota of children — normally one per family—or if they failed to report a death in the family so as to continue to draw the deceased's grain and cotton ration coupons.

Older people, particularly, are likely to take some persuading of the need for the census. In the China Youth News, an example was given of an exchange between an old woman and a young census-taker during a recent trial run. Asked repeatedly if she had a spouse, the old woman finally said in exasperation: "What's a spouse?" Told that it meant husband, she rejoned: "How can I understand all you educated young people talking about this spouse stuff?"

Enumerators have been asked to preserve confidences of couples living out of wedlock, or as the Chinese census instructions describe it, "cohabitation without any legal marriage registration."

THE LEX COLUMN

Gamma-plus for the professor

The Stock Exchange clearly dislikes Professor Gower's discussion document on investor protection, and after a little faint praise—Gower's work is described as "readable," even if his ideas are "an exercise in mere tidiness" — yesterday's comments from the SE are couched in the form of a critique.

Like the Council for the Securities Industry, the SE stresses the untidiness and diversity of the City; under Gower's proposals, it argues, disparate institutions would be subject to a number of disciplinary authorities, while a number of miscellaneous (but important) sorts of dealer would be grouped under a catch-all agency too loose to represent them all. Statutory regulation would be clumsy and slow to respond to imaginative malpractice, while political influence and ministerial intrusion would never be far away.

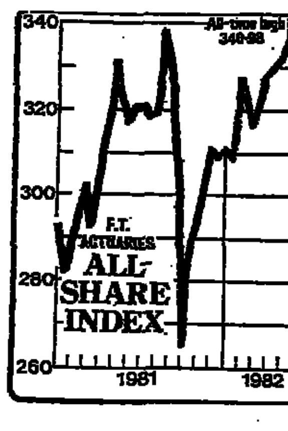
The nub of the problem is that in order to be integrated into Gower's proposed regulatory system the Stock Exchange would almost certainly have to give up some of its powers. It suggests instead that the CSI should remain as a sort of broad church framework for regulation, while heathen bodies like the licensed dealers should see the light and set up their own self-regulatory bodies on the lines of the Stock Exchange system, which works jolly well. And how about Professor Gower's specific criticisms of the Stock Exchange's well-tried procedures? Those will be dealt with some other day.

Building materials

Housing starts blossomed in the early spring, but the hoped-for UK recovery has yet to prove equal to the attacks of recessionary blight. Three names in the construction materials business gave out widely varied p and ls yesterday, but from star performer to sluggard, these companies have yet to see the follow-through on the promises of spring.

BPB, the athletic member of the trio turned in a 34 per cent improvement for the year to £56m pre-tax, but the company admits this sort of growth cannot be maintained. The trend to timber frame houses in the UK is helping, but in the second six months Canada flopped into losses while the devaluation of the French franc denied the overseas contributions and conjures up the spectre of a French plasterboard invasion of Kent. After a terrific ride in the last six months from 302p to a high of 460p, the shares finished yesterday at 423p, where the yield is about 3.5 per cent.

Index rose 2.3 to 554.3



The other two names reporting yesterday are fiancés, the blessing for their marriage just granted by the Office of Fair Trading. Montague L. Meyer sank back into the red in the second half to show a pre-tax loss for the year reduced to £1.5m from £2.7m. Its betrothed, International Timber, has made a modest improvement to £2.6m from £1.1m; some of its shareholders are upset about the wedding.

Meyer has cut its total dividend for the second year running, which rather devalues the merger promise of a higher dividend next year.

Minet

Minet Holdings seems to be turning into a sort of Lime Street condominium for American insurance tourists. The U.S. broker Corroon and Black is apparently enthusiastic about its 20 per cent stake, and it is now joined by St Paul Companies of Minnesota, the recent mystery buyer which now owns 15 per cent after buying some 8m shares at 160p yesterday.

Minet itself, which must have been afraid of a sabre-toothed predator, seems delighted with its new shareholder. Both St Pauls and Corroon and Black say they wish to remain in a minority, and they are presumably not acting in concert; it all looks a little too good to be true. What is clear is that the desire to forge trans-atlantic insurance shareholdings is as strong as ever.

National Freight

National Freight Consortium was denying yesterday that its exit from the public sector bore any resemblance to the controversial flotation of Amersham International, but the fortunate employees of NFC are already sitting on larger book profits than even the most dexterous stag managed with Amersham.

The shares have been independently valued for deals within the NFC share trust at £1.65p each, which compares with a subscription price of £1. The fact that NFC's performance since January's offer for subscription has been less than glamorous only underlines the heavy gearing implicit in buy-outs of this kind. The total equity injection of £7½m compares with net worth in the pro-forma balance sheet of £36.2m.

This gearing could equally work in the other direction and the quarterly share valuations are likely to make a very volatile series. Interest charges in the three months to May were equivalent to 90 per cent of trading profits, which themselves represent a very poor return on capital employed. But NFC has the scope to modulate its profit performance through property sales and it also has over £50m of tax losses to play with. NFC's shareholders cannot freely transfer ownership of their equity but, after yesterday's first quarterly dividend of 4.5p, not many of them would want to.

Avana

Last year's acquisition of Robertson Foods took Avana into the high volume, branded section of a declining market—everything the group had professed to despise during the late 1970's. But yesterday there were no regrets. Profits for the year to March have risen 84 per cent to £10m pre-tax, amply covering the equity dilution, and the whole of the improvement is attributable to Robertson.

Avana's older businesses had a dismal year. Fruit juice was barely in profit thanks to the Florida frost and a rising dollar, while rising beef prices kept pie margins under tight pressure.

The recovery at Robertson, however, was remarkable. In 1980-81 the company made £2.4m before exceptional items. Last year, it probably contributed about £6m after the tidying up of leased and factored assets. The very demanding rating of the shares will not be sustained indefinitely without a further acquisition, but for the moment, there is plenty of scope at Robertson. Last night's price of 298p gives a yield of 2.9 per cent.

Whitehall accused of muddle on investments

By Max Wilkinson, Economics Correspondent

CIVIL SERVANTS were criticised in an official report yesterday for misunderstanding, muddle and neglect of Treasury guidelines for obtaining value for money in public investment projects.

The hard-hitting report by Mr Gordon Downey, Comptroller and Auditor General, was based on a study of 117 projects worth a total of £79m authorised by spending departments.

The report, published yesterday by the Commons public accounts committee, said 103 of these projects proved suitable for the "investment appraisal" techniques laid down in a 40-page booklet by the Treasury. Only 17 had been subjected to a full appraisal.

Mr Downey said the appraisals examined by his department contained "frequent errors or misconceptions" in relation to the practice of discounting a basic technique recommended by the Treasury.

Departments were using the wrong discount rates. "It was unclear whether departments were not using the rates announced by the Treasury in 1978 as a result of conscious decisions or because of a breakdown in communications."

Only one of the appraisals made any allowance for uncertainty about the future, as the Treasury advises.

The report said: "Even appraisals relating to choice of fuels did not do so, despite experience of fuel prices having been particularly subject to fluctuations in real terms.

"There were other inconsistencies or errors, which suggested an incomplete understanding of the investment appraisal techniques."

The 117 projects examined had been approved by the Property Services Agency, the National Health Service, Royal Ordnance factories, the Home Office Prison Department and the Royal Dockyards. They were chosen as representing the thousands of "smaller" Government projects, involving up to about £5m each

The Comptroller said he does not have direct evidence about whether the defects he discovered applied to larger projects. However, those projects examined "appeared typical of many other projects with, in total, a major financial impact."

There was wide agreement in principle by departments that investment appraisal techniques could lead to more effective use of public money

But the basic techniques of investment appraisal were not being applied adequately to the majority of the apparently straightforward projects covered by the study. This must raise doubts as to whether the most economic decisions were reached on them, he said

According to Mr Downey, steps have since been taken to improve the situation, and Sir Anthony Rawlinson, Second Permanent Secretary at the Treasury, told the public accounts committee yesterday that investment appraisal should have been applied more widely than appeared to have been the case.

Efforts were being made to improve the training of civil servants, but he warned: "It will take a long time. It will not come right in a few weeks or months or perhaps even in years."

After the meeting, Mr Downey said that, although the projects examined were "small" compared with total Government spending, they would be considered large by most businesses. Many would be closely related to major Government projects.

EEC ministers avert risk of export credits war

BY GILES MERRITT IN LUXEMBOURG

THE RISK of a disruptive export credits war between the EEC, Japan and the U.S. appeared to have been averted last night when EEC finance ministers conditionally accepted a one-year international pact governing terms for fixed rate export finance.

The ministers of the Ten emphasised that the form in which they have agreed an extension of the OECD Consensus on export credits should not be seen as a counter proposal.

Even though it modifies the final compromise package put forward by the chairman of the OECD's export credit group, Mr Axel Wallen, it is being presented as a "take it or leave it" deal which puts the onus of rejection on the U.S. or any other signatory to the Consensus.

The EEC conditions, which are seen as political necessities for removing French and Greek objections to the pact, consist of two main modifications.

The first relates to one of the general points of the agreement, which states that credits should not be granted for longer periods than specified in the Consensus. Hitherto, as a matter of courtesy, breaches have been notified to other participants.

The U.S. previously agreed it would not breach the agreement on length of credit terms from January 1 1983. The EEC is demanding an assurance that there will be no breaches after October 15.

The second condition was required to overcome Greece's insistance that, although an EEC state, it should receive preferential category II "developing" country status. The EEC is seeking to impose an ingenious compromise on the OECD pact.

Under the EEC terms Greece would be classed as a category I developed state, but would receive the cheaper credits terms which applied to that category under the recently expired OECD consensus. Similar conditions would apply to Ireland.

The European Commission was last night instructed by the EEC Council of Ministers to inform the OECD of its conditional acceptance of the new consensus. It remains to be seen whether the other major partners in the 22-nation export credits agreement will lodge objections.

The EEC Government's agreement on the new OECD consensus nevertheless brings to an end a two-month period of serious uncertainty, over the fate of the credits pact.

The new package would raise interest rates for capital goods export credits by 10 per cent to 12.4 per cent (rises of between 0.5 and 1.25 percentage points), depending on the economic development of the purchaser.

Budget compromise may hold W. German coalition together

BY JONATHAN CARR IN BONN

THE West German Government coalition seemed to have averted a split late last night, after reaching a tentative compromise on the federal budget for 1983.

Asked whether agreement had been reached after tough talks lasting most of the day, one senior participant in the discussions replied: "It looks like it."

However, the compromise—details of which were not immediately known—has to be approved by the parliamentary groups of both parties, Chancellor Helmut Schmidt's Social Democrats (SPD) and the liberal Free Democrats (FDP), led by Herr Hans-Dietrich Genscher. Agreement here is still not certain.

The budget discussions have dragged on for weeks in an increasingly tense atmosphere as both the SPD and FDP suffered sharp setbacks in provincial elections.

Yesterday, however, Herr Schmidt seemed determined to force a decision on the basis of compromise proposals he had prepared so that the 1983 budget could be approved before the summer recess

The cabinet met several times during the day, the talks interrupted from time to time by private talks between leaders from both sides.

The discussions seem to have resembled the coalition battle over the budget last year—with the FDP fighting for markedly less government borrowing and the SPD for only marginal cuts in social security benefits

Herr Schmidt brought in proposals which would have cut state payments a little for old age pensions and sickness insurance, and kept the government's net credit intake next year to less than DM 30bn (£9.2bn) compared with about DM 34bn this year

His plan excluded far-reaching liberal proposals for state savings—which the SPD had made clear were unacceptable.

At the start of yesterday's cabinet session Herr Schmidt stressed he was acting as "Chancellor of the coalition" —meaning he had made a real effort to rise with his new plan above party political considerations.

However, his comment also seemed to imply that, if the alliance were to split, it would be because the FDP had failed to accept a fair compromise.

The SDP and FDP have formed the government in Bonn since late 1969, and were returned to office with an increased majority in the general election of October 1980.

However, strains between the two sides have grown, not least because the FDP fears that attachment to a party with an increasingly restive left wing might mean the eclipse of the liberals as a parliamentary force.

Opinion polls give the FDP about 8 per cent of the national vote—and at least 5 per cent is needed to gain parliamentary seats.

In the clearest sign yet of its desire to switch sides, the FDP voted in the state of Hesse in June to try to form a government there with the local Christian Democrats from this autumn.

The action meant the end of more than a decade of SPD-FDP co-operation in Hesse, and suggested to many that a similar change in Bonn was likely before long.

Weather

UK TODAY

SHOWERS in the West, otherwise drier and sunny.

London, S. E. NE England, Midlands, Channel Islands.

Mainly dry and sunny, becoming cloudy. Max 19C (66F).

W England, Wales, Lake District, Isle of Man, SW Scotland, N Ireland

Sunny intervals, some showers. Max 18C (64F).

Central Highlands, SE, N, Scotland, Orkney, Shetland

Cloudy with rain. Max 16C (61F).

Outlook: Heavy showers in places, particularly in the South East. Cooler.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Ang.†	C	15	59
Algiers	S	28	82	Luxmbg.	F	16	61
Amsdm.	[illegible]	17	63	Luxor	S	34	93
Athens	S	[illegible]	81	Madrid	S	31	88
Bahrain		—	—	Majorca	S	28	82
Barcelona	S	25	77	Malaga	S	26	79
Beirut		—	—	Malta	S	31	88
Belfast	F	19	[illegible]	M'chstr.	C	18	64
[illegible]	F	21	70	Melbne.	C	14	57
Berlin	C	[illegible]	[illegible]	Mex. C.†		—	—
[illegible]	[illegible]	22	72	Miami†	[illegible]	[illegible]	[illegible]
[illegible]	C	18	64	Milan	F	[illegible]	[illegible]
[illegible]	F	15	59	Montrl.†	C	17	[illegible]
[illegible]	S	22	72	[illegible]	F	22	[illegible]
Boulgn.	F	16	61	Munich	F	17	63
Bristol	F	[illegible]	[illegible]	Nairobi	C	[illegible]	[illegible]
Brussels	F	19	66	Naples	F	26	79
Budpst.	F	22	72	[illegible]		—	—
Cairo		—	—	Nwcstl.	F	19	65
Cardiff	S	18	64	N. York†	S	21	70
[illegible]	S	[illegible]	[illegible]	Nice	S	24	75
Cape T.	C	15	59	Nicosia	S	28	[illegible]
Chicg.†	S	12	54	Oporto	S	[illegible]	[illegible]
Cologne	F	19	[illegible]	Oslo	C	15	[illegible]
[illegible]	F	[illegible]	[illegible]	Paris	C	19	66
Corfu	S	32	90	Perth	C	13	55
Denver†		—	—	Prague	T	13	55
Dublin	C	16	61	Reykjvk.	F	13	55
Dbrvnk.	S	27	81	Rhodes	S	27	81
Edinbgh.	F	18	64	Rio J'o†		—	—
Faro	S	27	81	Rome	S	27	81
Florence	F	29	84	Salzbrg.	F	15	59
Frankft.	F	19	66	[illegible]		—	—
Funchal	C	22	72	[illegible]		—	—
Geneva	S	22	[illegible]	Singapr.	S	32	90
Gibrltr.		—	—	[illegible]		—	—
Glasgow	F	17	63	[illegible]	R	11	52
Guernsey	F	16	61	[illegible]	F	20	68
Helsinki	C	14	57	Sydney	S	15	59
H. Kong	F	27	81	Tangier	S	30	86
Innsbrk.	F	21	70	Tel Aviv	S	28	[illegible]
Invrnss.	C	17	63	Tenerife	S	23	[illegible]
I.o.Man	S	14	57	Tokyo	C	[illegible]	[illegible]
Istanbul	F	26	79	Toronto†	S	15	59
Jersey	S	18	64	Tunis	S	32	90
Jo'burg	S	15	59	Valencia	F	27	81
L. Pims.	S	24	75	Venice	S	25	77
Lisbon	S	29	84	Vienna	F	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.

† Noon GMT temperatures

Boeing fined

Continued from Page 1

missions involved payments to agents for the sale of 29 aircraft to Iberia, totalling $3.4m, and sales to Middle East Airlines, totalling $7.6m.

Boeing paid commissions in all cases to individuals other than the company's regular sales consultants. The Justice Department said this made the Exim Bank an unwitting lender in financing part of these agents' commissions.

But Boeing yesterday agreed to a negotiated settlement with the Justice Department whereby the company admitted its failure to make the proper disclosures and agreed to pay the fine.

Boeing said the settlement ended the Justice Department's five-year investigation into its overseas sales activities. The company also noted that it had not been charged with making improper payments by the Justice Department nor by the Federal Trade Commission, nor the Securities and Exchange Commission in earlier investigations now concluded by those Government agencies

But the company acknowledged that it had failed to comply on some 10 procedural filings required by the U.S. Exim Bank that commission or other payments would be made to individuals other than the company's regular consultants.

Mr T. A Wilson, chairman of Boeing, said yesterday that "sustained company policies, procedures and internal controls had been in force since 1976 to assure that legal and technical requirements such as those posed by the Exim Bank forms are being met."

Continued from Page 1

U.S. stake in Minet

Minet shares closed at 145p, up 1p.

Corroon and Black the sixth largest insurance broker in the U.S., already holds 20 per cent of Minet's shares and is maintaining its stake at that level.

Over the last four years UK and U.S. insurance brokers have been forging links. Yesterday's move, however, could mark a dramatic departure by encouraging other independent UK insurance brokers to seek links with U.S. insurance companies.

The Continental Corporation of the U.S., a major U.S. insurance group, holds 26 per cent of Stenhouse Holdings, another leading UK broker and has a 24 per cent stake in Phoenix Assurance, a UK insurance company.

Continued from Page 1

Indicators

Mr Robert Dederick, Under-Secretary designate for Economic Affairs at the Commerce Department, said the increase in May was less than expected, but it was "consistent with other data suggesting that the recession has bottomed out."

The consumer sector would probably be the key contributor to recovery in the immediate future.